



EXCELLENCE IN PUBLIC SECTOR AUDITING

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF FIJI

Volume 2

Audit Report on the General Administration Sector





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Excellence in Public Sector Auditing



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02 October 2015

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

Dear Dr. Luveni

Audit Report on Government Ministries and Departments for the year ended 31 December 2014

In accordance with section 152 (13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on the audit of Government Ministries and Departments of the Republic of Fiji for the year ended 31 December 2014.

Atunaisa Nadakuitavuki
for **AUDITOR-GENERAL**



Cc: Honorable Aiyaz Sayed-Khaiyum
Attorney General and Minister for Finance, Public Enterprises, Public Service & Communications

Ms. Susan Kiran
Secretary to Cabinet

Foreword

The Whole of Government together with 38 Ministries and Departments were audited in 2014, with their audit reports and relevant findings on them reported in accordance with Section 152 of the Constitution.

The audit of the Whole of Government concludes with two exceptions noted with respect to Cash at Bank and Accounts Receivables balances as recorded in the Statement of Assets and Liabilities. Apart from these, the accounts have been faithfully and properly kept in accordance with section 152(2) of the Constitution, section 6 of the Audit Act and section 46 and 47 of the Financial Management Act.

The financial statement of the Republic of Fiji has been presented in accordance with the Financial Management Act with direct reference to the budget estimates of Government. Presentation and disclosures in some places have also been made in accordance with cash based International Public Sector Accounting Standards (IPSAS).

The audit reports comprise of four (4) volumes and have been presented in accordance with budget sectors as follows:

Volume	1	Audit Report on the <i>Accounts and Finance</i> of Government
	2	Audit Report on the General Administration Sector
	3	Audit Report on the Social Services Sector and
	4	Audit Report on the Economic Services and the Infrastructure Sector.

Volume 1 of the report should be read in conjunction with the Whole of Government financial statements, the appropriation statement of the Republic of Fiji and my opinion expressed on them for the year ended 31 December 2014.

Audit Opinion on respective Ministry / department financial statements

A total of thirty-eight Ministry and Department financial statements were prepared in accordance with the Financial Management Act 2004 and the Finance Instructions 2010. Of these, twenty ministries and departments were provided with an unqualified audit report with attention drawn in some instances.

A total of eighteen ministries and departments were provided a qualified audit report - General Administration Sector (10), Social Service Sector (4) and Economic and Infrastructure sector (4). The qualified audit report emanated from issues ranging from unsubstantiated and un-reconciled general ledger account variances, accounting irregularities in account balances, non-disclosure of account balances, board of surveys either not carried out or carried out but the losses were not approved or not recorded as losses to government and stock take were not carried out.

Accounting Heads and month end Reconciliation of Accounts

Reconciliation of monthly accounts was ineffective as balances accumulated and remained un-reconciled across ministries and departments at the end of the year. Accounting Heads submitted monthly

reconciliation whilst it is apparent from the variances that monthly accounts were not reconciled with the FMIS records. This is further aggravated where balances in underline accounts remained un-reconciled and not recorded in the respective expenditure and revenue statements.

Capacity of Accounting Officers

Review of the Accounts and Finances across Government highlighted that capacity is an inherent issue with accounting officers lacking the basic fundamentals required for reconciling and maintaining accounts. This is further aggravated by the Ministry of Finance accepting erroneous reconciliations from ministries and departments and as a result, variances accumulate and remain unresolved.

Cash Management

Improvement in cash flow management including the cash flow projections by Ministries and departments is necessary to reduce the cost of the short-term debt. The ability to predict and plan cash outlays means that government will not be forced to resort to unexpected borrowing to meet cash needs. Cash flows projections are also to some extent affected by outstanding balances in underline accounts.

Public Debt

The percentage growth in public debt (7%) was less than the percentage growth in the economy (15%) indicating a reduced burden on citizens from public debt. Nevertheless, the rollover risk or refinancing of debt to meet past obligation is apparent.

Recurring Issues

Most of the results and matters arising from my audits have been reported in the past and it would be prudent for respective heads of ministries/departments to take ownership in addressing recurring issues.



Atunaisa Nadakuitavuki
for **AUDITOR GENERAL**



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Section 1

Office of the President

Roles and Responsibilities

The President is vested with the Executive Authority of the State in accordance with Chapter 4:81(2) of the 2013 Constitution of the Republic of Fiji. The President is also the Commander in Chief of the Republic of Fiji Military Forces in accordance with Chapter 4:81(3) of the 2013 Constitution and Chancellor of the Order of Fiji. The Office of the President, in collaboration with the Office of the Prime Minister, ensures that all and any advice tendered to the President are consistent with the provisions, principles and spirit of the Constitution of the Republic of Fiji. At the operational level, the Office of the President is responsible for providing on a daily basis a timely and high standard of professional administrative, protocol and ancillary support services to the President to enable the successful fulfillment of all of the President's Constitutional, ceremonial and public duties.

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PART A: FINANCIAL STATEMENT

1.1 Audit Opinion

The audit of the 2014 accounts of the Office of the President resulted in the issue of a qualified audit report. The Travel advances expenditure totalling \$746,326 was not reconciled and journalized to the relevant expenditure allocations during the year. Consequently, total expenditure is understated by \$746,326 in the Statements of Receipts and Expenditure.

1.2 Statement of Receipts and Expenditure

The Office of the President incurred a total expenditure of \$2,564,097 in 2014. Refer Table 1.1 for details.

Table 1.1: Statement of Receipts and Expenditures for 2014

Description	2014 (\$)	2013 (\$)
EXPENDITURES		
Operating		
Established Staff	538,677	444,303
Unestablished Staff	200,508	259,016
Travel & Communications	725,218	289,067

Description	2014 (\$)	2013 (\$)
Maintenance & Operations	256,071	325,939
Purchase of Goods & Services	144,581	137,730
Total Operating Expenditure	1,865,055	1,456,055
Capital		
Capital Construction	436,622	764,333
Capital Purchase	---	---
Capital Grants and Transfers	---	---
Total Capital Expenditure	436,622	764,333
Value Added Tax	262,420	187,663
TOTAL EXPENDITURES	2,564,097	2,408,051

Total expenditure increased by \$156,046 or 6.5% in 2014 compared to 2013 due to increases in Established Staff, Travel and Communications expenditures. Salaries for all civil servants were raised in 2014 and the increase in local and overseas official engagements for His Excellency the President.

1.3 Appropriation Statement

The Office of the President incurred expenditure totalling \$2,564,097 in 2014 against the budget of \$3,622,974 resulting in a savings of \$1,058,877 or 29%. Details of expenditures against the budget estimates are provided in Table 1.2.

Table 1.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	601,751	(48,200)	553,551	538,677	14,874
2	Unestablished Staff	226,648	(26,000)	200,648	200,508	140
3	Travel & Communication	371,900	353,671	725,571	725,218	353
4	Maintenance & Operations	330,400	(73,550)	256,850	256,071	779
5	Purchase of Goods & Services	147,775	(2,911)	144,864	144,581	283
	Total Operating Expenditure	1,678,474	203,010	1,881,484	1,865,055	16,429
	Capital Expenditure					
8	Capital Construction	1,580,000	(203,010)	1,376,990	436,622	940,368
	Total Capital Expenditures	1,580,000	(203,010)	1,376,990	436,622	940,368
13	Value Added Tax	364,500	---	364,500	262,420	102,080
	TOTAL EXPENDITURE	3,622,974	---	3,622,974	2,564,097	1,058,877

PART B: AUDIT FINDINGS

1.4 Backlog and Overdrawn Operating Trust Fund Account

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,¹ and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.²

¹ Financial Management Act 2004 - Section 25 (1)

² Ministry of Finance Circular No. 4/98 of 30/03/98

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.³

Within 3 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. The ledger reconciliation statement shall be forwarded to the Accounts Officer. The 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.⁴

As at 31/12/14, the Office Operating Trust Fund Account had an overdrawn balance of \$36,877 compared to an overdrawn balance of \$39,137 in 2013. Refer Table 1.3 for details of balances over the 5 year period.

Table 1.3: Trust Fund Account 2010 - 2014

Year	Amount (\$)
2010	11,357
2011	23,160
2012	14,287
2013	39,137
2014	36,877

The audit noted that the Office did not prepare Operating Trust Fund Account reconciliation from April to December. As a result the Office did not reconcile the Operating Trust Fund Account general ledger account totalling \$36,877 as at 31/12/2014.

In addition, the trust fund account continues to be overdrawn since 2010. This could be attributed to the Office failure to perform trust fund account reconciliation. Despite this being highlighted in the previous year's audit reports, the Office failed to reconcile the overdrawn balances.

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

Recommendations

- **The Senior Assistant Secretary should ensure that monthly reconciliations are carried out and any overdrawn trust fund accounts are investigated and adjusted accordingly.**
- **The internal control procedures in the Accounts Sections, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Office Comments

The office acknowledges the findings with appreciation. The backlog and overdrawn account was caused by the non-reconciling of accounts. The debit balance in 2014 was mainly due to misallocation.

The findings by the Auditor-General reflect a broader challenge which the Office of the President had been trying to address for some time. That is:

³ Office of the President, Finance Manual 2013 – Section 4.7.3

⁴ Office of the President, Finance Manual 2013 – Section 16.3.3 to 16.3.6

- *The establishment of a dedicated Accountant's position followed by the recruitment of a formally qualified and experienced Accountant;*
- *The establishment of a fully-fledged Accounts Section to handle all portfolio responsibilities including the implementation of internal controls;*
- *The provision of a dedicated and secure space for the Accounts Section's operations including the safe-keeping of records; and*
- *The introduction of a training programme to ensure that staffs systematically undergo competency training and continuous up-scaling of knowledge and skills.*

All these pre-requisites which are fundamental requirements for the efficient and effective operation of any organisation were virtually non-existent. In fact, for 16 years up until 2012, the Senior Assistant Secretary – an administrative position by nature - managed all the accounting responsibilities in addition to undertaking other administrative duties such as human resources management, transport and records management, amongst others. Due to the combined responsibilities, there was no dedicated space for the accounting operations. The accounting records were essentially mixed with all other records. There was also no coordinated training and capacity-building programme nor was there any succession planning for the staff across the entire spectrum of services in the Office of the President. This was compounded by the fact that the Office did not have any training vote.

Way Forward:

As of September 2014, the Office of the President completed an organisational restructure where it created a new post for an Accountant at AC03-grade. In creating the Accountant position, the Office clearly demarcated the responsibilities for the accounts section from all other administrative duties. The creation of the new position enabled the Office to advertise and recruit a formally qualified Accountant (with both a Diploma and Degree in Accounting/Economics from the University of the South Pacific). The Officer has over ten years of experience in Government accounting including in particular the reconciliation process and the Financial Management Information System. The Officer is also a provisional member of the Fiji Institute of Accountants.

In 2014 also, the Office established two new Accounts Clerks positions which resulted in the creation of a fully-fledged accounts section. All the three new positions were created without additional cost to Government as the Office traded-off vacant positions within its approved establishment.

The Office now has a dedicated space specifically for the Accounts Section.

It has also developed a training plan to ensure continuous learning and upgrading of staff competencies. This development is being supported by the provision of a training vote in the 2015 budget.

Importantly, the Ministry of Finance is supporting the Office with the establishment of a Drawings Account to more efficiently facilitate the payment of goods and services. This will also lead to greater accountability as the Office will now operate and maintain its own drawings account. Previously the Office of the President relied on the Office of the Prime Minister for the drawings account. This not only affected the timely payments of goods and services, but it also affected the reconciliation of accounts.

All the afore-mentioned developments have enabled the Office to better manage its Accounts including the introduction of internal controls in accordance with the Finance Management Act and Financial Instructions as well as the commencement of reconciliation of the outstanding accounts. It is anticipated that the reconciliation of accounts will be completed within the next three to six months.

1.5 Non – 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.⁵

⁵ Office of the President, Finance Manual 2013 – Part 10, Introductory Paragraph

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.⁶

Upon clearance of the advance, the Accounts Officer shall update the debtors register, offset the advance account and debit the appropriate expenditure account.⁷

As at 31/12/14, the Office Revolving Fund Account (RFA) had a balance of \$746,326 comprising of travel advances. Refer Table 1.4 for the balances over the last five years.

Table 1.4: RFA – Advance Account 2010 - 2014

Year	Amount (\$)
2010	288,115
2011	288,115
2012	288,241
2013	(306,252)
2014	746,326

The audit noted that these advances were not reconciled and journalized to the travel expenditure allocations during the year. As such, expenditure is understated in the Statement of Receipts and Expenditure.

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 are understated.

Recommendations

- **The Office should ensure that the advance account balance is reconciled and journalized accordingly to expenditures.**
- **Disciplinary action should be instigated against officers for the un-reconciled and non-recovery of balances.**

Office Comments

The findings are noted with appreciation.

The Office is now placing emphasis on the clearance of all the outstanding accounts with a newly established Accounts Section and qualified staff. It is anticipated that the reconciliations will be completed in the next six months. Moving forward, the Office anticipates that its accounts will be better managed as explained in the response to item 1.4 above.

1.6 Maintenance of Corporate Credit Card

The purpose of the credit card policy is to:

- Ensure that only official expenditure related to approved overseas trips are charged against the credit card;

⁶ Office of the President, Finance Manual 2013 – Section 10.1.11 and 10.1.12

⁷ Office of the President, Finance Manual 2013 – Section 10.1.16

- Ensure that credit card reporting is monitored so that fraudulent transactions and misuse is kept to a minimum; and
- Guide all credit card holders and accounting officers on the management and maintenance of corporate credit cards.

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.⁸

All credit cards, other than that of the Prime Minister will have a maximum limit of \$5, 000.⁹

The Accounts Officer shall review the statement and receipts and certify that all transactions are in accordance with financial regulations and procedures and must ensure that all reconciliations are properly kept for auditing purposes.¹⁰

The following anomalies were noted:

- The credit card had a credit balance of \$10,024 as at 31 December 2014;
- The credit card bank statements were not properly kept for audit purposes; and
- Reconciliation of statement and receipts were not prepared as no credit card payment was sighted.

Non-reconciliation of credit card statements could result in undetected payments charged by the banks.

Recommendations

- **The Accounts Officer in consultation with the Permanent Secretary should ensure that credit card statements verification and reconciliation are performed on a monthly basis.**
- **The credit card limit for the President should be increased to adequately cater official travelling costs.**

Office Comments

- The Office acknowledges and agrees with the findings and recommendations. The Credit Card was opened out of necessity to cater for the President's increased travel engagements. However, the card was opened at a time when the office was still trying to build the capacity of its accounting staff.*
- Following the audit findings and recommendations, the Office has been able to reconcile the balances, including the Funds deposited to the Credit Card Account (CR); the Amounts utilized (DR); and the available unutilized funds which should be withdrawn and retired to the Revolving Fund Accounts (RFA) allocation.*

⁸ Credit Card Policy June 2011, Section 7

⁹ Office of the President Finance Manual 2013, Section 10.3.6

¹⁰ Office of the President Finance Manual 2013, Section 10.3.8

iii. **Way forward:**

- a. *The clear demarcation of duties within the newly established accounts section will ensure that the Credit Card policy is fully complied with.*
- b. *The Office agrees with the audit recommendation to seek an increase in the credit card limit for the President to adequately cater for official travel costs.*

1.7 Accountable Advance Not Retired

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.¹¹

The payment voucher shall include a signed statement from the Accounts Officer requesting the travelling officer to submit an acquittal together with supporting documents within seven days after returning from travel.¹²

Audit noted that accountable advances were not retired after the 7 day period after returning from overseas official trip. Refer Table 1.5 for details:

Table 1.5: Details of Accountable Advance not retired within seven Days

Cheque Number	Payee EDP No.	Description	Amount (\$)	Anomaly
076202 of 31/5/14	59665	Being payment of Accountable Advance to cater for incidental expenses for on official visit to the Middle East to meet Fiji troops from 14/5 to 4/6/14.	4,675	A total of \$4,674.83 could not be verified from the total advance of \$30,000 paid as receipts were not produce to audit upon audit inquiry.
077515 of 17/7/14	59665	Being payment of Accountable Advance while on official visit to Melbourne and Scotland from 18/07/14 to 11/08/14.	43,199	-A total of \$38,579 could not be verified from the total advance of \$60,000 as receipts were not produce to audit upon audit inquiry. -The audit further noted that the Executive officer withdraw a total of \$4,620 in Fiji on 14/08/2014 after the two overseas trips. The Office could not justify the reason for the withdrawal as the executive officer did not produce any receipts on the use of the \$4,620.
077817 of 31/7/14	59665	Being payment of additional Accountable Advance to cater for the remainder of the official visit to Scotland from 18/07/14 to 11/08/14.		
Total			47,874	

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

Non-timely retirement of advances accumulates accounts receivable and results in unrecorded expenditure for the period. Hence the expenditure will be understated by \$47,874 at year end resulting in the misstatement of the Office's financial statement.

The above indicates failure of the Office in the administration of advances and as such will be one of the compounding factors of large balances in advance accounts at year end.

¹¹ Office of the President Finance Manual 2013 – Part 10 Introductory Paragraph

¹² Office of the President Finance Manual 2013 – Section 10.1.8

Recommendation

The Accounts Officer 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.

Office Comments

- i. The Office acknowledges and agrees with the findings and recommendations. The Office continues to compile receipts, acquittals and clear the advance for the outstanding balance.*
- ii. The next step now is to retire the Accountable Advance which involves clearing the outstanding amount from the RFA allocation and debiting these to an Expense Allocation. This couldn't be completed in 2014 due partly to the lack of capacity (prior to the completion of the organisational reform and the recruitment of a qualified and experienced accountant in September 2014) and also because there were insufficient funds available in the Operating Expense Allocation to facilitate the debiting of the advance.*
- iii. Way Forward:**
 - a) RFA Reconciliations will be submitted monthly by the Accounts Officer and checked and verified by the Senior Assistant Secretary (senior manager of the Corporate Services Division).*
 - b) It is anticipated that the clearing of the outstanding accounts will be completed by the end of 2015.*
 - c) All expenses from the RFA Account will be closely monitored with receipts obtained and retired according to the Office of the President's Finance Manual 2015.*

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 in his role under the provisions of Section 92 of the Constitution. The Prime Minister's Office also has a central place in facilitating the decision-making responsibility of Cabinet and its collective responsibility to Parliament under the Provisions of Section 91 of the Constitution, and ensures 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, dissemination of Government's intentions and objectives inclusive of the Constitution, administration of poverty alleviation programmes, oversight of national projects (Fiji Roads Authority, Public Service Broadcasting contract and Mahogany Industry Development) 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 126 (1) of the 2013 Constitution is responsible for the following functions:

- (a) To appoint permanent secretaries with the agreement of the Prime Minister;
- (b) To remove permanent secretaries with the agreement of the Prime Minister;
- (c) To institute disciplinary action against permanent secretaries;
- (d) To make such other appointments and perform such other duties, functions and responsibilities as may be prescribed under written laws;
- (e) To reassign one or more permanent secretaries amongst the various ministries of the state with the agreement of the Prime Minister; and
- (f) To determine the remuneration of the Permanent Secretaries.

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PART A: FINANCIAL STATEMENT

2.1 Audit Opinion

The audit of the 2014 accounts of the Office of the Prime Minister and Public Service Commission resulted in the issue of a qualified audit report. The basis of qualification is as follows:

Trading and Manufacturing Account

Total receivables of \$68,461 were noted in the Trading and Manufacturing Account as at 31 December 2014. This was not disclosed in the Agency Financial Statements. Hence Total Assets maybe understated for the year ended 31 December 2014.

2.2 Statement of Receipts and Expenditure

The Office of the Prime Minister and Public Service Commission collected revenue totalling \$1,023,614 and incurred a total expenditure of \$49,682,440 in 2014.

Table 2.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
Agency Revenue	1,023,614	20,924
TOTAL REVENUE	1,023,614	20,924
EXPENDITURE		
Operating Expenditure		
Established Staff	7,277,742	6,454,445
Government Wage Earners	687,270	577,706
Travel & Communications	1,337,119	1,485,164
Maintenance & Operations	27,033,764	25,229,694
Purchase of Goods & Services	841,353	682,246
Operating Grants & Transfers	1,759,135	21,301,962
Special Expenditures	1,231,421	1,262,187
Total Operating Expenditure	40,167,804	56,993,404
Capital Expenditure		
Construction	---	143,825
Purchase	895,983	394,136
Grants & Transfers	4,164,688	5,329,295
Total Capital Expenditure	5,060,671	5,867,256
Value Added Tax	4,453,965	4,075,502
TOTAL EXPENDITURE	49,682,440	66,936,162

Revenue collection increased by \$1,002,690 in 2014 due to the clearance of previous years stale cheques by the Office of the Prime Minister and the recording of miscellaneous revenue by the Public Service Commission.

Total Expenditure decreased by \$17,253,722 or 26% in 2014 due to decreases in overseas travel costs, transfer of Agriculture Marketing Authority grant to Ministry of Agriculture and scholarship funds to Tertiary Loan Education Scheme.

2.3 Appropriation Statement

The Office of the Prime Minister and Public Service Commission incurred expenditure totalling \$49,682,440 in 2014 against the revised budget of \$53,330,902 resulting in a savings of \$3,648,461. Details of expenditure against the budget estimates are provided in Table 2.2.

Table 2.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	7,525,277	(204,229)	7,321,048	7,277,742	43,306
2	Government Wage Earners	554,308	206,661	760,969	687,270	73,699
3	Travel & Communications	1,187,536	169,808	1,357,344	1,337,119	20,225
4	Maintenance & Operations	25,476,465	1,612,275	27,088,740	27,033,764	54,976
5	Purchase of Goods & Services	773,516	118,337	891,853	841,353	50,500
6	Operating Grants & Transfers	2,065,900	(271,335)	1,794,565	1,759,135	35,430
7	Special Expenditures	1,898,100	(631,517)	1,266,583	1,231,421	35,162
	Total Operating Costs	39,481,102	1,000,000	40,481,102	40,167,804	313,297
	Capital Expenditure					
8	Construction	---	---	---	---	---
9	Purchase	1,000,000	---	1,000,000	895,983	104,017
10	Grants & Transfers	9,300,000	(2,000,000)	7,300,000	4,164,688	3,135,312
	Total Capital Expenditure	10,300,000	(2,000,000)	8,300,000	5,060,671	3,239,329
13	Value Added Tax	4,549,800	---	4,549,800	4,453,965	95,835
	TOTAL EXPENDITURE	54,330,902	(1,000,000)	53,330,902	49,682,440	3,648,461

In 2014, Cabinet approved the redeployment of \$1,000,000 from the Office of the Prime Minister's budget to Fiji Roads Authority.

2.4 Trust Fund Account Statement of Receipts and Payments

The Office of the Prime Minister utilized \$2,930,368 in 2014 from the Chinese grant for various projects selected by the Office. Refer to [Appendix 2.1](#) for details.

In addition, the Office utilized \$16,746 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	2014 (\$)	2013 (\$)
Income		
Rental Income	4,605,833	4,527,192

Description	2014 (\$)	2013 (\$)
Total Income	4,605,833	4,527,192
Expenditure		
Direct Labour	28,869	64,011
Travel and Communication	34,381	910
Purchase of Goods & Services	3,637,484	3,812,669
Special Expenditures	---	7,960
Total Expenditure	3,700,734	3,885,551
Net Profit	905,099	641,641

Table 2.4: Balance Sheet

Description	2014 (\$)	2013 (\$) Restated
Asset		
Cash at Bank	1,429,251	1,639,894
Total Asset	1,429,251	1,639,894
Liability		
Deposits and Deductions	55,009	58,566
Equity		
Accumulated Fund	1,374,242	1,581,328
Total Equity and Liability	1,429,251	1,639,894

PART B: AUDIT FINDINGS

OFFICE OF THE PRIME MINISTER

2.6 Unsubstantiated Write Off

Subject to this or any other Act, the Minister of Finance may write off losses in respect of public money, state assets and agency assets.¹

The Finance Instructions may require each budget sector agency:

- (a) To undertake appropriate recovery action for losses;
- (b) To maintain a register of losses containing the details required to be recorded by the Finance Instructions; and
- (c) To include details about losses and recovery action in the audited financial statements to be included in the agency's annual report.²

Liabilities are amounts owed by Government to creditors and should be paid and not written off.

Audit noted that liabilities totalling \$1,161,731 were approved to be written off by Ministry of Finance without any supporting documents to justify the reason for write offs. Refer [Appendix 2.3](#) for details.

As a result the audit could not ascertain the accuracy of the write-off in the general ledger system.

¹ Financial Management Act 2004 – section 34(1)(a)

² Financial Management Act 2004 – section 35

Recommendation

The Principal Accountant should ensure that all write offs are properly substantiated with supporting documents to justify the reasons for write offs.

Management Comments

The Office had liaised with Ministry of Finance FMIS team during the write off process. The Office has documentations and approvals for the write off of balances in the operating trust account. A formal process was followed to seek approval for the write off of unjustified amount carried over from previous years in consultation with Ministry of Finance.

The Write Off for the True Trust Account was an initiative taken by Ministry of Finance FMIS Unit to balance the cash and liability account of the OPM. Ministry of Finance worked in consultation with Office to verify the variance and request for write off. The documentations and approvals have been obtained from Ministry of Finance.

2.7 Unverified Accounts Receivable Balance

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.³

Audit noted the following unexplained balances recorded in the general ledger system. Refer Table 2.5 for details.

Table 2.5: Detail of Unverified Accounts Receivable Balance

Allocation	Description	Amount (\$)
1-02101-02999-560203	Account Receivables	217,822

Audit was unable to substantiate the balance for the above allocation as the Office failed to provide any details or records.

Recommendations

- **The Principal Accountant should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidence.**
- **The Principal Accountant should review the general ledger balances in a timely manner and liaise with the Ministry of Finance for any unverified balances noted in the general ledger system.**

Management Comments

The Office has noted audit recommendations. The Office has followed up with Ministry of Finance FMIS Unit and they have confirmed that the allocation 10210102999560203 belongs to Public Service Commission. Request has made to Ministry of Finance FMIS to remove the above allocation from Office of the Prime Minister's report.

³ Office of the Prime Minister Finance Manual 2014 - Section 19.2.1

2.8 Diversion of Rural Sports Complex Fund for Retention Monies

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.⁴

Trust money is money that the agency is holding in trust (it does not include creditor payments such as salary deductions or money that is held in a separate "trust fund" which is not a true trust). As stipulated in the Act and Finance Instructions, trust money is to be kept in a separate bank account and accounted for separately from "public money" and "other money".⁵

In 2012, dredging works were done on the Ba, Nawaka and Nadi River by various companies. These works were funded from the Chinese grant trust fund account. The ten percent retention for all the payments was retained in the Chinese Main trust fund account which is to be paid to the contractors after the completion of the works. Refer Table 2.6 below for detail of retention monies receipted in the Chinese trust fund account since 2012.

Table 2.6: Details of Retention Monies Receipted in the Chinese Trust Fund Account

Date	RR No.	Detail	Amount (\$)
19/11/12	400431	10% on Nawaka retention for river rehabilitation works	10,071.11
19/11/12	400432	10% retention on Nawaka river dredging	5,300.00
19/11/12	400433	10% retention on Nawaka river dredging	108,073.60
10/12/12	400434	10% retention on Ba river dredging	33,540.00
10/12/12	400435	10% retention of Nawaka river dredging	19,450.25
31/12/13	400436	10% retention from Hall Contracting for Nadi river dredging works	180,722.30
31/12/12	400437	10% retention from China Railway for Ba river dredging works	105,935.42
31/12/12	400438	10% retention from Multi Works for Nawaka rehabilitation works	33,075.63
31/12/12	400439	10% retention from Hall Contracting for dredging of Nadi river	250,748.75
31/12/13	400440	10% retention from China Railway for dredging of Ba river	190,955.83
Total			937,872.89

The following anomalies were noted in the administration of the above retention fund;

- Audit established that the Office issued a cheque number 79951 dated 19/12/2014 totaling \$937,872.89 from the rural sports complex allocation payable to Permanent Secretary Prime Minister Office (PSPMO) to account for the 10% retention for Nadi, Nawaka and Ba river;
 - Audit could not establish as to which bank account was the cheque paid to as the Office did not produce any records of the banking of the cheque number 79951; and
 - Audit could not ascertain if the retention monies has been paid to the contractors.
- Failure to produce the banking detail of the cheque number 79951 increases the risk of misuse of public funds.

Recommendations

- **The Principal Accounts Officer should provide to audit the banking details of cheque number 79951 dated 19/12/2014.**

⁴ Office of the Prime Minister Finance Manual 2014 – Part 2: Expenditure Introductory Statement

⁵ Office of the Prime Minister Finance Manual 2014 – Part 15: Trust Accounts Introductory Statement

- **The Director Corporate Services should ensure that funds are used for the purpose it was appropriated for.**

Management Comments

The Office has noted the audit recommendation.

- *The Cheque # 79551 dated 19/12/2014 was deposited in the newly opened retention fund account (BSP Account # 10621028).*
- *The OPM did not have a Retention bank account in 2012 therefore the retention funds for dredging works was receipted into the Chinese Trust Account. In 2014 a retention account was opened. Due to the misunderstanding that the retention fund that was deposited in the Chinese Trust in 2012 was utilized, the money was taken from the Sports Complex allocation in 2014 and deposited into the newly opened Retention funds account.*
- *The Chinese Grant balance as at 30 August 2015 is \$1,412,613.10. This confirms that there are sufficient funds in the Chinese Grant to pay back the \$937,872.89 that was taken from the sports complex fund. The error committed was due to improper book records when the transaction took place.*
- *The Office of the Prime Minister now maintains proper records of the trust fund accounts to ensure such anomalies do not re-occur.*

PUBLIC SERVICE COMMISSION

2.9 Irregularities in 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.⁶

Within five days after the end of each month, the trust officer shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account. Details of balances must be attached to the reconciliation statement. The trust officer shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents. The trust officer must submit the trust reconciliation to the Accounting Head within 10 days of the end of the month.⁷

The total operating trust fund account had an overdrawn balance of \$72,762 in 2014 compared to an overdrawn balance of \$224,040 in 2013, a decrease of \$151,278 or 132%. These comprise of direct payroll deductions for staff welfare schemes, deductions, Fiji National Provident Fund contributions and VAT collected in trust to be remitted to FRCA.

The following anomalies were noted:

- The operating trust account had an overdrawn account of \$233,933 which was carried forward from 2013. Details are shown in the table below.

⁶ PSC Finance Manual 2013 - Section 4.7.3

⁷ PSC Finance Manual 2013 - Section 15.4.1 – 15.4.4

Table 2.7: Overdrawn Trust Fund Account

Account Number	Description	2014 (\$)	2013 (\$)
1-02301-02999-861701	357 PD Rates Suva	233,933	233,933

- A variance of \$2,805 was also noted between the general ledger and department's reconciliations as at 31/12/14.

Table 2.8: Variance between Reconciliation and the General Ledger

Particulars	Amount (\$)
Reconciliation of Ministry	69,957
General Ledger Balance	72,762
Variance	2,805

- Three of the twenty trust fund accounts were dormant for the last 4 years. Refer below for details.

Table 2.9: Dormant Trust Fund Accounts

Account Number	Description	2011 (\$)	2012 (\$)	2013 (\$)	2014 (\$)
1-02301-02999-861101	202 PD OPR Current Year	0.00	(20.00)	(13.84)	(13.84)
1-02301-02999-861923	Payroll Deduction Agriculture	(1,364.65)	(4,439.87)	(4,491.89)	(4,491.89)
1-02301-02999-899988	Misc. Fund v Open Item	(2,804.88)	2,829.88	(2,804.63)	(2,804.63)

The above anomalies indicates that the reconciliations of operating trust fund accounts were not effectively carried out by the responsible officers which resulted in the carrying over of overdrawn and dormant accounts.

Recommendations

- **The Commission should liaise with Ministry of Finance to close off dormant accounts and rectify the overdrawn account.**
- **Reconciliations should be properly carried out every month and any variances noted to be rectified accordingly.**

Commission's Comments

The amount of \$233,933 was wrongly posted to PSC operating allocation (10230202999040361) Government Rented Quarters, instead of TMA (102305102999260502) by the MOF (salary section). There has been discussion taken place on this matter between FMIS team, PSC and OAG.

We had done the JV in 2014 journalizing the charges to the rightful allocation. We had discussed with the auditor that we will only make a payment once it is transferred to our new Org. we cannot proceed further since that amount is still in the OLD org. FMIS(MOF) will confirm once the migration of data is completed from old to new ORG.

PSC has already advised MOF regarding the dormant accounts that was outstanding in 2014. Three (3) of the twenty trust fund accounts that were dormant for the last 4 years were finally closed off in Jan 2015 by Ministry of Finance.

2.10 Drawings Account Unreconciled Balances

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.⁸ The Accounts officer 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, vouchers number, ledger account, cheque numbers and the amount paid.⁹

Ministries/Departments are required to plan their expenditure well in order to avoid the accumulation of unrepresented cheques at year end.¹⁰

The Deputy PS must ensure that the agency internal control system is reviewed on a regular basis to ensure that they are meeting the intended purposes. The compliance officer is to properly document all system of internal control implemented by the agency.¹¹

The audit noted the following anomalies:

- The Commission's Drawings reconciliation in December 2014 included an unsubstantiated figure of \$79,982.
- A variance of \$9,791 was noted between the Commission's reconciliation and the general ledger as at 31/12/14. Refer below for details.

Table 2.10: Variance between the Closing Reconciliation and the General Ledger

Reconciliation (\$)	General Ledger (\$)	Variance (\$)
899,448	889,657	9,791

- A total of \$16,972 stale cheques remain uncleared as at 31/12/14. Of these, \$16,511 has been outstanding from 2013. Refer below for details.

Table 2.11: List of Stale Cheques Pending

Date	Cheque No	Amount (\$)
30/04/2013	33957	760.00
10/05/2013	34097	45.00
24/05/2013	34243	417.66
21/06/2013	34530	665.00
17/07/2013	34721	10,326.92
07/10/2013	35924	20.00
11/10/2013	35971	12.20
14/10/2013	35984	90.00
21/10/2013	36072	654.57
23/10/2013	36093	1,666.63
16/12/2013	36445	1,250.00
31/12/2013	34493	602.69
03/01/2014	33407	41.00
02/04/2014	36794	420.00

⁸ Finance Instructions 2010 - Section 32(6)

⁹ PSC Finance Manual 2013 - Section 2.8.10

¹⁰ Ministry of Finance Circular No. 13/2012 dated 19/10/12, paragraph 5.1.3

¹¹ PSC Finance Manual 2013 – Section 17.1.3 & 17.3.1

Date	Cheque No	Amount (\$)
Total :		\$16,971.67

- Unpresented cheques for 2014 are still substantial despite the introduction of EFT payments.

Drawings reconciliations were not effectively carried out which resulted in the above anomalies. This demonstrates the laxity of accounting officers responsible including immediate supervisors.

Recommendations

- **The Commission should ensure that proper reconciliation is carried out on a timely basis and independently checked by immediate supervisors. Any variances should be rectified immediately.**
- **The Commission must clear the outstanding stale cheques in line with Finance Instructions.**

Commission's Comments

The recommendation from the OAG is noted. As far as our reconciliation is concerned, PSC has submitted all their reconciliation on times as stipulated in the Financial Instruction. Our reconciliation was taken on board by the FMIS Division, signifying that all mentioned figures highlighted are correct. If there is variance in our drawing reconciliation than OAG is to liaise with FMIS accordingly since a new method of drawing reconciliation is formatted.

Furthermore, FMIS also instructed Agencies to hold on to all stale cheques occurring in their Drawing reconciliations since these will be part of the write-off exercise by the MOF.

Even though EFT was implemented across agencies, cheques will be used to facilitate urgent payment when the system is down as per approval from Chief Accountant. But recommendations from OAG are noted.

2.11 Revolving Fund Account (RFA)

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.¹²

Reconciliation is an internal control mechanism established to ensure the accuracy of financial reports being produced not only at ministry/department level and/but most importantly at whole of government level.¹³

Verification of the General Ledger (FMIS) records revealed that account *allocation 1-02300-00000-560000 – Accounts Receivable* had a debit balance of \$9,941,319. However, no reconciliation was done for months of January to October 2014 as balances included prior year amounts. Hence audit could not fully substantiate the correctness of the above balances.

There were no comments from the Commission.

This issue was highlighted in the previous audit report, however no corrective action have been taken by the office.

¹² PSC Finance Manual 2013, Part 16

¹³ PSC Finance Manual 2013, Section 17.2.4

Recommendation

The Accounting Head must enquire with Ministry of Finance and rectify the balance.

Commission's Comments

Scholarship Loan Receivable – these issues have been discussed with the Ministry of Finance, Internal Auditor (MOF) and Auditor General. We are working to resolve this issue based on the method identified and approved by Ministry of Finance (FMIS).

2.12 Lending Fund Account

The Minister may, on behalf of the state, make loans of public money from the Consolidated Fund on such terms and conditions as the Minister thinks fit and whether within or outside Fiji.¹⁴

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.¹⁵ Reconciliation is an internal control mechanism established to ensure the accuracy of financial reports being produced not only at ministry/department level and but most importantly at whole of government level.¹⁶

The Term Loans Receivable balance as at 31/12/14 includes three scholarship loan accounts which are controlled by the PSC. At the balance date, all three accounts were noted to have credit balances as detailed in Table 2.12.

Table 2.12: Scholarship Accounts under the Lending Fund

Loan Account	Balance as at 31/12/14 (\$)	Balance as at 31/12/13 (\$)	Increase/ Decrease (\$)	% Change
Tertiary Education	(3,169,338)	(2,526,896)	642,442	25.4%
Private Students	(3,758,829)	(3,758,799)	30	0%
Student Loan Scheme	(6,755,759)	(6,417,842)	337,916	5.3%
Total	(13,683,926)	(12,703,537)	980,388	

Audit verification noted an unexplained variance of \$28,013 between the department's reconciliation and the general ledger. Refer below for details.

Table 2.13: Variance between the Reconciliation and the General Ledger

Particulars	PSC Reconciliation (\$)	General Ledger Balance (\$)	Variance (\$)
Opening Balance	(12,703,538)	(12,703,538)	---
Less Debits	81,712	53,699	28,013
Add Credits	1,034,088	1,034,088	---
Closing Balance	(13,655,913)	(13,683,926)	28,013

Consultations have been made with Ministry of Finance and the Commission; however, no improvements have been made since the credit balance of the account continued to increase.

Failure to reconcile the general ledger balances is a breach of financial instructions.

¹⁴ Financial Management Act 2004, Section 61 (1)

¹⁵ PSC Finance Manual 2013, Part 16

¹⁶ PSC Finance Manual 2013, Section 17.2.4

Recommendations

- **The Commission must ensure reconciliation of GL balances with the Department records through proper accounting practices given in the financial instructions.**
- **The Commission must enquire with Ministry of Finance and rectify the balance.**
- **The Commission must ensure proper controls and accounting practices are implemented to improve the processes in scholarship loans and recoveries.**

Commission's Comments

Scholarship Loan Receivable – these issues have been discussed with the Ministry of Finance, Internal Auditor (MOF) and Auditor General. We are working to resolve this issue based on the method identified and approved by Ministry of Finance (FMIS).

2.13 TMA Receivables

Where goods or services are sold on credit, the TMA Accounts Officer must ensure the customer meets the following criteria:

- i. provision of contact addresses
- ii. valid identification
- iii. no previous arrears
- iv. provision of guarantor or referees¹⁷

Audit noted total outstanding rent of \$68,461.28 as at December 2014 for the Trading and Manufacturing Account (TMA). This was not disclosed in the Agency Financial Statements.

Hence the financial performance and position of the TMA were not fairly stated.

Recommendations

- **The Commission should continuously follow up with the tenants to clear their arrears on time.**
- **TMA for each quarter should include outstanding rent.**

Commission's Comment

The Office Accommodation Division and Accounts Section are working very hard in trying to collect all outstanding rent or dues from tenants. As in any business, there is always the chance of arrears arising. The issue is that we are earnestly following up to reduce the arrears.

2.14 Management of Government Quarters

Each agency must have in place a cost effective system of internal control which safeguards money and property against loss.¹⁸ The Public Service Commission is responsible for the provision of

¹⁷ PSC Finance Manual 2013 – Section 6.4.4

¹⁸ Finance Instruction 2010 – Section 59 (1) (a)

adequate office accommodation and for prescribing and supervising the physical working condition for the public service and providing proper housing for the civil servants and members of the public.¹⁹

Audit noted the following anomalies in the management of government quarters including quarters' records:

- The Commission to update the maintenance/renovation history including maintenance cost of each government quarters;
- There is no routine maintenance plan for all government quarters;
- All complaints and requests from the tenants/ministries/concerned parties for renovations to be undertaken were not documented and filed in the respective quarter's files;
- The site inspection report by the Technical Officer to assess the extent of renovations to be done was not filed;
- The data currently maintained manually by the Unit is incomplete with regards to monthly rent, grading of quarters, post descriptions of tenants, date of occupancy of tenants, rent deductions up date and file references for individual tenants.
- There is no clear demarcation of responsibilities between the Commission and Ministry of Works with regards to renovation of government quarters. In 2014, a sum of \$2,978,686 was utilised by the Ministry of Works in the maintenance of quarters in the Western Division. This costs was not reflected in the Trade and Manufacturing Account for the Commission in 2014;

There is lack of control in the management of quarters which may hinder the efficiency and effectiveness of the Office Accommodation in carrying out its responsibilities with respect to government quarters.

Furthermore, there is a risk of unnecessary maintenance being carried out every year when records of previous maintenance for each quarter are not maintained.

Recommendations

- **The OA Unit should maintain the maintenance records for each quarters including site inspection report of renovation work to be done, maintenance period, contractor and actual costs of maintenance.**
- **The OA Unit should prepare a routine maintenance plan for all government quarters.**
- **A complaints register for quarters should be maintained and updated regularly.**
- **Proper consultation and coordination should be made with Ministry of Works with regards to maintenance of government quarters.**
- **Reconciliation of quarters' rent deduction should be carried out regularly.**

Commission's Comments

- *There is no register for each quarters and works done. However, each quarter has a file where all the detailed information including all maintenance/renovations works are maintained and updated.*
- *All the site inspection reports are available in the respective Quarters Files. Also, we have the Quarters Maintenance Excel Spread Sheet which indicates the Contractors name, Quarters number, approved amount and states whether it's a minor or major renovation.*

¹⁹ PSC Act 1999 – Part 11(1)

- *Comments on the maintenance plans are noted. PSC has taken over the maintenance of quarters in 2011. However it should be noted that other Government Departments also carry out repair and maintenance for quarters as they are allocated funds.*
- *We do not have a complaint register but we do have a complaint form which is placed in the respective Quarters file after attending to the complaints.*
- *PSC always liaise with Ministry of Works when necessary.*

2.15 Ineffective Database System

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.²⁰

The database ‘Legacy applications for PSC Housing’ is not properly executed by the housing unit as intended for in 2014. The database was to improve quarter’s management and provide reliable and up to date information. The possibility of integrating data with stakeholders and interfacing quarter’s data is stringently limited.

The following were noted by the audit:

- List of updated quarters and occupants cannot be printed on a timely manner for references;
- Evaluation quarters per Division cannot be done from the database;
- History Log for previous tenant are erased as soon as a new tenant is created or updated in the system;
- Tenant details are not updated for current tenants - prior tenant’s details still appearing;
- Reports such as financial reports, monthly arrears, profit report and total rent by district cannot be printed or viewed;
- Summary data per Quarter is not updated;
- Evaluation records not appearing for inputs per quarters including its history log;
- Market rate and monthly rental details not updated for a particular quarter nor the number of bedrooms available;
- The images interface is not utilized;
- Vacant quarters generated by the database report is not updated or failing to reflect the current status per quarters as some of these quarters have been occupied;
- Market rate tab for filling cannot recognise some numbers when inputted. Numbers not recognised are 7, 8 and 9.

The unit has thus reverted to manual reconciliations as the database is not fully effective as intended. No action has been done by the Commission to rectify the above anomalies and improve the system.

Even though the development and implementation of the database ‘Legacy applications for PSC Housing’ was delayed from 2013 to 2014, it is yet to effectively capture all housing data and provide automated reports which are still manually produced.

Recommendation

The OA Unit should complete the implementation of the database to assist with the management of the PSC office accommodation and quarters.

²⁰ PSC Circular No. 10/2011

Commission's Comments

This office agrees with your recommendations on the ineffective database system. Since 20/05/2014, we have been writing to the Manager Information Technology and Computing Services (ITC) requesting for upgrading of PSC Office Accommodation and Government Housing Database. Finally they responded on 04/09/2015 and had the meeting with PSC Office Accommodation and Government Housing Division on the same day.

2.16 Anomalies in Rent Deductions for Government Pool and Rented Quarters

Eligible officers accommodated either in Government Quarters or rented premises shall contribute rent of 8% of basic salary.²¹

Audit noted that 320 officers from ministry's and departments under pool quarters did not have rent deductions from their salaries. It was also noted that 13 officers' employment agencies were unclear or not recorded. Refer **Appendix 2.4** for summary by divisions/ departments.

Audit further noted a total of 80 officers under Government rented quarters failed to deduct their rent contributions. Refer Table 2.14 for summary by divisions/ departments.

Table 2.14: Summary by Department/ Ministry - Officers without Rent Deductions under Rented Quarters

Government Rented Quarters	
Department/ Ministry	No.
Agriculture	3
Education	5
Environment	1
Fisheries & Forestry	3
Health	44
Judicial	5
Labour	1
Lands	5
Local Government	3
Planning	2
Police	1
Rural Development	3
Social Welfare	1
Works	1
No Description	2
Total	80

Non-deduction of rent payable from basic salary is a breach of General orders and state finance regulations and subsequent loss of government revenue.

Recommendations

- The OA Unit should ensure tenants pay the authorised rent levied and recover the owed rent to state where necessary.

²¹ General Orders 2011 – Section 601

- **The OA Unit should improve its data quality and integrity. It is important to maintain accurate data for quarter's administration purposes including operational, strategic needs and any recovery measures.**

Commission's Comments

Civil Servants who work in the Maritime Zone and occupy quarters are required to pay 4% of basic salary subsidised housing. Doctors and Nurses serving in District and Rural Hospitals/ Health Centres are entitled to free housing as per policy. Refer to PSC Circular No. 49/2011. Also please refer to letters sent to relevant Ministries and Departments to deduct 8% from those who are suppose to pay and recover arrears from the Civil Servants who occupy Government Pool and Government rented quarters accordingly. This reconciliation is done on a monthly basis.

2.17 Non-Eligible Officers occupying Quarters

The following shall be the criteria for eligibility for Government Quarters at 8% of basic salary remaining as the rent contribution by eligible Officers accommodated either in Government Quarters or rented premises. There shall be no ceiling or rental cap on the amount of rental to be deducted as part of this formula.

- Officer does not own a property in the location where he currently works;
- Officer was not initially appointed from the District where he currently lives;
- Officer did not request for own transfer;
- Transferred Officer to live within the station he is being transferred to;
- Single Officers eligible for quarters irrespective of post to share quarters;
- Essential services and rural postings to be given priority when allocating quarters;
- A quarter's grade is to be allocated according to the level and seniority of Officers;
- Government rented Quarters should be equivalent to the level of Government Quarters suitable to the officer;
- Those entitled for housing allowance as part of their employment contract can be accommodated in Government Quarters if available but will not receive any portion of the housing allowance as direct payments; and
- Expatriate Volunteer Officers will have their 8% contribution met by hosting Ministries/Departments and Agencies.²²

Audit noted that 97 officers from the discipline forces and statutory authorities were not eligible to occupy quarters. The Fiji Police Force with the highest number amounting to 38 officers. Refer Table 2.15 for details.

Table 2.15: Summary of Non-Eligible officers occupying Quarters

Division	Organisation				No.
Northern	Corrections Services	6	Western	Corrections Services	8
	DNR	1		Higgins	1
	FDB	1		Naval	3
	FIMSA	1		Police	22
	LTA	2		RFMF	4
	Marine	1		Water Authority of Fiji	1
	NDP	1		Unknown	1
	Police	10			
	Post Fiji	1			
					40

²² General Orders 2011 – Section 600 - 601

Division	Organisation				No.
	RFMF	5	Eastern	Corrections Services	2
	Roads	1		FRCA	1
	Water Authority of Fiji	6		FRA	2
				MSAF	1
		36		Police	4
Central	Police	2		Post Office	2
	Water Authority of Fiji	2		RFMF	1
				Telecom	2
				Water Authority of Fiji	2
		4			17

Audit further noted that several officers have been transferred to other stations but were not updated in the Office of Accommodations records. Refer below for examples.

Table 2.16: Officers not updated in the OA Records

EDP No.	Department/Location Recorded	Current Department/Location
70826	Corrections Services - Vaturekuka	Correction Services – Naboro
71378	Corrections Services – Namosau	Corrections Services – National Head Quarters
70793	Corrections Services – Natabua	Corrections Services – Suva
70638	Corrections Services - Natabua	Corrections Services – Suva

This is the result of poor record keeping and failure to implement an effective and efficient communication system with the Divisions.

Recommendations

- **The OA Unit should ensure only eligible tenants are accommodated in Government quarters. Unauthorized tenants must be identified and removed to allow other accommodation and housing needs.**
- **The OA Unit should improve its data quality and integrity to ensure the correct information is maintained.**

Commission's Comments

- *As per table 2.28, the Divisional Housing Board does the allocation of Quarters in the Division. Some statutory bodies are occupying Government Pool Quarters and due to nature of their duties, the Housing Board approves the allocation of Quarters to them and some pay market rent as per arrangement.*
- *There were some non-eligible Officers occupying Government Quarters and they were evicted once it was brought to our attention including 11 Police Officers in Nadi.*
- *Reconciliation of Government Quarters report is done every month after receiving the Quarters return from the respective Divisions and Divisional Commissioner's Office and later this report is reconciled with the rent deduction report from the Ministry of Finance.*

2.18 Market Rented Quarters

Each agency must have in place a cost effective system of internal control which safeguards money and property against loss.²³ The Public Service Commission is responsible for the provision of

²³ Finance Instruction 2010 – Section 59 (1) (a)

adequate office accommodation and for prescribing and supervising the physical working condition for the public service and providing proper housing for the civil servants and members of the public.²⁴

Audit noted that some tenants were paying rent less than the valuation amount. The OA Unit indicated that these tenants are occupying quarters that are yet to be renovated. Refer **Appendix 2.5** for examples.

Renting quarters at the rates less than the valuation amount is loss of revenue to government.

Recommendation

The OA Unit should prioritise the renovation of market rented quarters to ensure the correct revenue is remitted to government.

Commission's Comments

- *As per table 2.30, Office Accommodation and Government Housing Division did give the provisional rent to some occupants prior to valuation when this market rent concept was introduced. However after valuation had been received, we have managed to adjust the rent to valuation rate for some quarters after carrying out maintenance. Legally we cannot increase rent due to the rent restriction order 2014 by the Commerce Commission. However there continues to be dialogue with tenants to increase the rent on mutual understanding and effective from 2016 PSC intends to regularise the remaining lot which is only around 20 pending.*
- *Some Government Quarters on market rent were renovated and the occupants were told that rent will increase according to Ministry of Land's valuation report which they agreed and they started to pay the correct rent.*
- *Request for re-valuation of all market rental Quarters in Suva has been submitted to the Ministry of Lands valuation Department. The new rent will be implemented from 2016 subject to uplifting of Rent Restriction Order 2014*

2.19 Rent Arrears

Where goods or services are sold on credit, the TMA Accounts Officer must ensure the customer meets the following criteria:

- v. provision of contact addresses
- vi. valid identification
- vii. no previous arrears
- viii. provision of guarantor or referees.²⁵ An each agency must have in place a cost effective system of internal control which safeguards money and property against loss.²⁶

Audit noted that the following tenants vacated the quarters in 2013 with outstanding rents. Refer below for details.

²⁴ PSC Act 1999 – Part 11(1)

²⁵ PSC Finance Manual 2013 – Section 6.4.4

²⁶ Finance Instruction 2010 - Section 59 (1) (a)

Table 2.17: Rental Arrears of Tenants From 2013

Quarters No.	Monthly Rent (\$)	Total Amount Owed (\$)	Total Amount Owed in Months	Vacation Date	Audit remarks
14	500	13,669.23	27.34	28/05/2013	File was not located for audit verifications. Total rental payments from Jun 2013 - June 2014 = \$4,471
7	1,000.00	7,442.18	7.44	8/08/2013	Tenant vacated with owed rent plus \$442.18 arrears in FEA Bills. There was no letting agreement with the tenant.
		21,111.41			

Tenants' rights and obligations have not been fully complied with and is a breach of agreement with the state.

Without strict recovery procedures, lack of monitoring and financial arrangements with tenants, the arrears of revenue will continue to increase losing out potential state revenues.

Recommendations

- **The Commission TMA staff must ensure that tenants clear their arrears as agreed in the tenancy agreements. That reasonable notice is also allowed on reasonable grounds.**
- **Necessary tenancy follow ups should be done before allowing tenants to continue to occupy the quarters without payment of rent for a period of time.**
- **The Commission TMA manager should initiate recovery procedures from former residents owing high rent arrears.**

Commission's Comments

As per table 2.31, following action has been taken:

- Quarters No.14 – letters were sent to FRU to pay the arrears as he was employed by them as Head Coach for 7's team and later his appointment was terminated. Tried to refer this case to Small Claims Tribunal but were unsuccessful as we were unable to locate him. Now it has brought to our attention that he is employed at Fiji Navy. Now we can submit his case to Small Claims Tribunal. Letters had been sent to FRU and Fiji Navy. His name has been placed on the immigration watch list and as such he is unable to travel abroad unless his rental arrears is paid.*
- Quarters No.7 – He has retired from RFMF. We wanted to refer this case to Small Claims Tribunal but till to date we tried all avenues to locate him but proved futile. We also tried to get his information from FNPF and the last record of his employment was with RFMF.*

Appendix 2.1: Trust Fund Account for 2014 - Chinese Grant

Account	2014 (\$)	2013 (\$) Restated
RECEIPTS		
Interest	3,773	3,232
Other Receipts	11,270	5,578,403
Total Receipts	15,043	5,581,635
PAYMENTS		
Assistance to Schools	1,559,216	---
Assistance to Village Settlements	495,124	---
Assistance to Other Integrated Projects	875,257	---
Withholding Tax	755	---
Cheque Book Fees	16	---
Assistance to various entities and projects	---	1,712,021
Total Payments	2,930,368	1,712,021
Net Surplus	(2,915,325)	3,869,614
Balance as at 1 January	4,891,393	1,021,779
Closing Balance as at 31 December	1,976,068	4,891,393

Appendix 2.2: Trust Fund Account for 2014 – Taiwan Grant

Account	2014 (\$)	2013 (\$)
RECEIPTS		
Interest Received	91	178
Other receipts	5,000	29,456
Total Receipts	5,091	29,634
PAYMENTS		
Assistance to Community Projects	---	14,325
Assistance to Schools	16,746	160,587
Assistance to RFMF	---	20,798
Gift – Fiji Government to the Solomon Island	---	13,525
Resident Withholding Tax	---	24
Total Payments	16,746	209,259
Net (Deficit)/Surplus	(11,655)	(179,625)
Opening Balance as at 1 January	97,583	277,208
Closing Balance as at 31 December	85,928	97,583

Appendix 2.3: Detail of Liabilities Written Off

Allocation	Description	Amount (\$)
10210102999861307	264 PD Home Finance Co	(60.00)
10210102999861901	PAYE	(1,207.07)
10210202999861101	202 PD POR Current Year	(10.00)
10210202999861201	240 PD Fiji Care Insurance	(45.23)
10210202999861202	241 PD CMLA	(59.50)
10210202999861306	263 PD Housing Authority	(150.00)
10210202999861511	301 PD FPS Credit Union	(20.00)
10210202999861533	320 Wesram Finance	(150.00)
10210202999861602	342 PD Maint – Nausori	(40.00)
10210202999861901	201 PD Tax Arrears	(824.52)
10210402999861204	244 PD LICl	(30.25)
10210402999861511	301 PD FPS Credit Union	(30.00)
10210402999861601	341 PD Maint – Suva	(12.00)
10210402999861602	342 PD Maint – Nausori	(40.00)
10220161999861106	390 PD Gov Water Rates	(163.00)
10220161999861511	301 PD FPS Credit Union	(97.50)
10220161999861923	Uniform Deduction	(201.92)
10220161999861924	Mpaise	(240.00)
10210102999861101	202 PD Current Year	10.00
10210102999861306	263 PD Housing Authority	69.25
10210102999861533	Wesram Finance	30.00
10210102999861920	501 PD Employees Union	271,786.62
10210102999861923	Payroll Deduction Agriculture	201.93
10210102999861924	Mpaise	240.00
10210202999861920	501 PD Employees FNPF	(3,377.45)
10210402999861533	320 Wesram Finance	30.00
10210402999861920	501 PD Employees FNPF	(1,130.00)
10220161999861902	204 PD Depst A/C Recoverable	833.91
10220161999861920	501 PD Employees FNPF	18,297.82
90210102999890502	Chinese Aid – PM's Office	912,503.34
90210102002895049	Taiwanese Grant – PM's Office	(34,382.48)
Total		1,161,731.95

Appendix 2.4: Summary by Department/ Ministry Pool Quarter Officers without Rent Deductions

Government Pool Quarters		
Division	Department/ Ministry	No.
Ba	Education	1
	Fisheries & Forestry	1
	Labour	1
Kadavu	Education	34
	Agriculture	2
	Elections	1
	Fisheries	1
	Health	22
	Police	1
Korovou	Agriculture	1
	Rural & Maritime Development	1
Labasa	Works	6
	Agriculture	2
	Co-operative	1
	Corrections	3
	DPP	1
	Education	6
	Energy	1
	Fisheries & Forestry	16
	Health	4
	Labour	1
	Lands	1
	Rural & Maritime Development	13
	Womens	1
	Youth/Sports	2
Lautoka	Agriculture	1
	Corrections Services	3
	Education	3
	Environment	1
	Fisheries	1
	Health	16
	Judicial	2
	Labour	1
	Police	2
	PWD	1
	RFMF	5
	Rural & Maritime Development	1
	Social Welfare	2
Levuka	Agriculture	2
	Education	5
	Fisheries	1
	Health	4
	I-Taukei	1
	Judicial	1
	Rural & Maritime Development	1
	Womens	1
Macuata	Health	13
	Forestry	2
	Roads	1
Nabouwalu	Forestry	1
Nadi	Health	7
	Immigration	2

Government Pool Quarters		
Division	Department/ Ministry	No.
	Meteorological Services	4
Naitasiri	Agriculture	4
	Rural & Maritime Development	1
Nausori	Judicial	1
	Education	1
	Planning	1
Navua	Agriculture	1
	Health	3
	Social Welfare	2
Rakiraki	Agriculture	1
	Forestry	1
	Health	4
	Judicial	1
Savusavu	Agriculture	1
	RFMF	2
Sigatoka	Co-operative	1
	DPP	1
	Education	1
	Health	3
	Womens	1
Suva	Agriculture	1
	Corrections Services	2
	Education	5
	Fisheries	1
	Heritage	1
	Womens	1
Kia Island	Health	1
Taveuni	Agriculture	1
	Corrections	3
	Forestry	2
	Health	45
Tavua	Health	4
No Description	Agriculture	1
	Education	6
	Fisheries & Forestry	2
	Health	1
	Judicial	1
	Rural & Maritime Development	2
Total:		320

Appendix 2.5: Market Rented Quarters – Rent Less than Valuation Amount

Quarters No.	Grade	Location	Quarters Valuation Amount (\$)	Rent Amount (\$)
9	IV	Richards Rd	1,000.00	800.00
11 – 13	II, III, III	Richards Rd	4,250.00	4,000.00
57	II	Richards Rd	1,200.00	1,000.00
63	IV	Rt Sukuna Rd	1,000.00	800.00
77	II	Berkley Crescent	1,950.00	1,000.00
89	IV	Domain Rd	850/1000	800.00
94	IV	Statham Rd	1,000.00	800.00
98	IV	Imthurn Rd	1,000.00	800.00
104	IV	Richards Rd	950.00	800.00
131	IV	Domain Rd	950.00	800.00
144	IV	Domain Rd/ Barton Pl	1,000.00	500.00
146	II	Domain Rd/Barton Pl	1,950.00	1,500.00
162	IV	Domain Rd	1,000.00	800.00
182	IV	Veuito Rd/Nukulau Rd	1,000.00	800.00
184	IV	Veuito Rd/Makuluva Rd	1,000.00	800.00
189	IV	Veuito Rd/Makuluva Rd	1,000.00	800.00
191	IV	Veuito Rd	1,000.00	800.00
195	IV	Veuito Rd	1,000.00	500.00
209	IV	Veuito Rd/Yanuca Rd	1,000.00	800.00
210	IV	Veuito Rd/Yanuca Rd	1,000.00	800.00
214	IV	Veuito Rd/Nukulau Rd	1,000.00	800.00
220	IV	Stoddart Rd	1,000.00	800.00
223	IV	Stoddart Rd	1,000.00	800.00
228	IV	Stoddart Rd	1,000.00	800.00
230	IV	Stoddart Rd/Newbolt Pl	1,000.00	800.00
232	IV	Stoddart Rd/Newbolt Pl	1,000.00	800.00
243	IV	Nicoll Pl	1,000.00	800.00
248	IV	Nicoll Pl	1,000.00	800.00
252	IV	Barker Pl	1,000.00	800.00
253	IV	Barker Pl	1,000.00	800.00
255	IV	Barker Pl	1,000.00	800.00
Total			25,850.00	20,100.00

Section 3

Office of the Attorney General, Solicitor General and Civil Aviation

Roles and Responsibilities

Office of the Attorney & Solicitor General

The Office of the Attorney General provides legal services to the Government and facilitates access to the law with independent and impartial professional legal services of high calibre. The Attorney General is the Chief Advisor to the Government whose Permanent Secretary is the Solicitor General.

Roles and Responsibilities

Department of Civil Aviation

The Department of Civil Aviation is responsible for economic regulation of air transport and facilitates processes for the development of air safety, security and infrastructure

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PART A: FINANCIAL STATEMENT

3.1 Audit Opinion

The audit of the 2014 financial statement of the Office of the Attorney General resulted in the issue of an unqualified audit report. Management attention was however drawn to the following:

- The Office of the Attorney General had an accumulated balance of \$169,123 in the operating trust fund account as at 31/12/14, being surplus from hosting the Attorney General's Conference accumulated from previous years and yet to be transferred to the consolidated fund. Included in this balance is the surplus of \$32,712 for the 2014 Attorney General's Conference, thus the revenue is understated.

3.2 Statement of Receipts and Expenditure

The Office of the Attorney General and the Solicitor General collected revenue totalling \$176,423 and incurred a total expenditure of \$13,601,265 in 2014. Refer to Table 3.1 for details.

Table 3.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue		
Hotel License	71,651	208,531
Trademark and Patent Registration	43,162	47,987
Liquor License	1,304	---
Civil Aviation Licence	6,304	6,540
Miscellaneous Fees	11,035	6,636
Other	35,210	84,775
Total State Revenue	168,666	354,469
Agency Revenue		
Miscellaneous	7,757	17,935
TOTAL REVENUE	176,423	372,404
EXPENDITURE		
Operating Expenditure		
Established Staff	2,254,445	2,064,482
Government Wage Earners	204,487	208,030
Travel & Communications	290,529	256,467
Maintenance & Operations	385,032	807,474
Purchase of Goods & Services	588,873	666,038
Operating Grants & Transfers	8,506,930	3,922,259
Special Expenditures	386,042	256,949
Total Operating Expenditure	12,616,338	8,181,699
Capital Expenditure		
Capital Construction	---	394,387
Capital Purchases	---	75,868
Grants and Transfers	741,740	222,481
Total Capital Expenditure	741,740	692,736
Value Added Tax	243,187	377,292
TOTAL EXPENDITURE	13,601,265	9,251,727

Total revenue decreased by \$195,981 or 53% in 2014 compared to 2013 as a result of decreases in hotel license, other licenses and registration of patents revenue collection.

Total expenditure increased by \$4,349,538 or 47% in 2014 compared to 2013 due to increases in payroll, travel and communication costs, special expenditures and operating and capital grants and transfers.

3.3 Appropriation Statement

The Office of the Attorney General and the Solicitor General incurred expenditure totalling \$13,601,265 in 2014 against a revised budget of \$16,112,400 resulting in a savings of \$2,511,135 or 16%.

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

Table 3.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,506,800	(197,671)	3,309,129	2,254,445	1,054,684

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
2	Government Wage Earners	154,900	77,671	232,571	204,487	28,084
3	Travel & Communications	168,300	137,447	305,747	290,529	15,218
4	Maintenance & Operations	315,800	96,511	412,311	385,032	27,279
5	Purchase of Goods & Services	1,294,400	(578,932)	715,468	588,873	126,595
6	Operating Grants & Transfers	9,130,400	222,337	9,352,737	8,506,930	845,807
7	Special Expenditures	1,087,000	(422,300)	664,700	386,042	278,658
	Total Operating Costs	15,657,600	(664,937)	14,992,663	12,616,338	2,376,325
	Capital Expenditure					
8	Capital Construction	---	---	---	---	---
9	Capital Purchases	---	---	---	---	---
10	Grants & Transfers	2,600,000	(1,835,063)	764,937	741,740	23,197
	Total Capital Expenditure	2,600,000	(1,835,063)	764,937	741,740	23,197
13	Value Added Tax	429,800	(75,000)	354,800	243,187	111,613
	TOTAL EXPENDITURE	18,687,400	(2,575,000)	16,112,400	13,601,265	2,511,135

In 2014, Cabinet approved the redeployment of \$2,575,000 from the Office budget to Fiji Roads Authority.

PART B: AUDIT FINDINGS

3.4 Operating Trust Account – Attorney General’s Conference

Trust money is money that the agency is holding in trust (it does not include creditor payments such as salary deductions or money that is held in a separate “trust fund” which is not a true trust) As stipulated in the Act and Finance Instructions, trust money is to be kept in a separate bank account and accounted for separately from “public money” and “other money”.¹

As at 31/12/14, the Department had an accumulated balance of \$169,123 in their operating trust account, being accumulated surplus funds from hosting the Attorney General’s Conference annually.

It is not correct to keep the surplus funds in the operating trust account as it is not a liability and should have been transferred to revenue at year-end. Hence, revenue is understated by \$169,123.

Recommendation

The Department should transfer the surplus funds from the above operating trust fund account to revenue.

Management Comment

The Minister of Finance has approved for the opening of a separate Trust account for the Attorney Generals Conference where all the funds will be transferred in 2015.

¹ Finance Manual Part 15

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 Revenue & Customs Authority. The government commercial companies include the Fiji Development Bank and the Unit Trust of Fiji.

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PART A: FINANCIAL STATEMENT

4.1 Audit Opinion

The audit of the 2014 accounts of the Ministry of Finance resulted in the issue of a qualified audit report. The qualifications were as follows:

Trading and Manufacturing Account (TMA)

The debit balance of TMA surplus capital transferred to Operating Fund Account of \$6.0 million as shown in Balance Sheet – *Trading & Manufacturing Account* could not be validated and also contrary to the nature of equity balance.

The following issues were drawn to the attention of the Ministry:

Trading and Manufacturing Account (TMA)

- 1) The *Trading & Manufacturing Account*-Accounts Receivable of \$295,810 as at 31 December 2014 could not be substantiated due to an un-reconciled balance between the general ledger and arrears of revenue return for both *Fiji Procurement Office* and *Government Printing* as at 31 December 2014;
- 2) The non-recognition of provision for obsolete stock amounts for both raw materials of \$241,174 and finished goods of \$332,165 have overstated net profit by \$573,339 for the year ended 31 December 2014.

4.2 Head 4, 50, 51 and 52- Statement of Receipts and Expenditure

The Ministry of Finance budget is appropriated as Head 4 in the 2014 Budget Appropriation Authority with Government Printing & Stationery Department (GPSD) and Fiji Procurement Office (FPO).

The consolidated revenue for the Ministry totalled \$2,549,423,794 with a consolidated expenditure of \$64,134,921 during 2014 from Head 4.

Table 4.1: Head 4 – Consolidated Statement of Receipts and Expenditure in 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue		
Operating Revenue	2,229,263,136	1,983,119,293
Investing Revenue	80,553,647	59,301,569
Borrowing Revenue	233,405,780	173,139,417
Total State Revenue	2,543,222,563	2,215,560,279
Agency Revenue		
Board Member Fee	123,724	142,701
Miscellaneous Revenue	5,993,199	4,578,705
Sales of Publications	84,308	86,975
Total Agency Revenue	6,201,231	4,808,381
TOTAL REVENUE	2,549,423,794	2,220,368,660
EXPENDITURE		

Description	2014 (\$)	2013 (\$)
Operating		
Established Staff	8,527,757	9,252,677
Government Wage Earners	644,364	573,628
Travel and Communication	298,916	1,594,679
Maintenance and Operations	1,190,851	2,675,850
Purchase of Goods and Services	1,953,740	5,473,937
Operating Grants and Transfers	50,579,145	46,381,640
Special Expenditure	9	2,874
Total Operating Expenditure	63,194,782	65,955,285
Capital Expenditure		
Capital Construction	---	258,616
Capital Purchases	118,307	720,511
Capital Grants and Transfers	500,000	1,000,000
Total Capital Expenditure	618,307	1,979,127
Value Added Tax	321,832	1,460,807
TOTAL EXPENDITURE	64,134,921	69,395,219

Total revenue increased by \$329,055,134 or 14.8% in 2014 due to the increase in state revenue being the operating revenue by \$246,143,843 or 12.4%. Miscellaneous revenue also increased by \$1,414,494 or 30.9% as a result of clearance of previous year's unidentified revenue through bank lodgement clearance.

Total expenditure decreased by \$5,260,298 or 7.6% due to the decrease in established staff expenditure by \$724,920 or 7.8%, decrease in travel and communication expenditure by \$1,295,763 or 81.3%, decrease in maintenance and operations expenditure by \$1,484,999 or 55.5%, decrease in purchase of goods and services expenditure by \$3,520,197 or 64.3%, decrease in capital construction by \$258,616 or 100%, decrease in capital purchase by \$602,204 or 83.6%, decrease in capital grants and transfer by \$500,000 or 50.0%. These decreases were mainly due to the expenditure group for Information, Technology and Computing Services Department (ITC) being shown separately from the Ministry's budget results.

The Ministry incurred expenditure of \$142,008,449 in 2014 from Head 50. Refer to Table 4.2 for details:

Table 4.2: Head 50 - Statement of Receipts and Expenditure in 2014

Description	2014 (\$)	2013 (\$)
EXPENDITURE		
Operating Expenditure		
Established Staff	3,083,580	2,149,734
Travel & Communications	1,620,907	1,880,356
Purchase of goods & services	3,463,416	3,082,814
Operating grants & transfers	13,276,791	11,726,815
Special expenditures	9,004,227	5,472,386
Total Operating Costs	30,448,921	24,312,105
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	9,401,667	11,057,666
Capital Grants & Transfers	98,149,112	45,819,004
Total Capital Expenditure	107,550,779	56,876,670
Value Added Tax	4,008,749	3,045,764
TOTAL EXPENDITURE	142,008,449	84,234,539

Total expenditure under Head 50 increased by \$57,773,910 or 69%. This was related to introduction of capital grants to Tertiary Scholarship and Loans Board (TSLB) which increased by \$52,330,108 or 114%.

Table 4.3: Head 51 - Statement of Receipts and Expenditure in 2014

Description	2014 (\$)	2013 (\$)
EXPENDITURE		
Operating Expenditure		
Pensions	28,354,880	25,893,960
Gratuities	1,332,465	1,061,235
Compassionate Allowance	7,098,008	8,385,446
Total Operating Costs	36,785,353	35,340,641
TOTAL EXPENDITURE	36,785,353	35,340,641

Total expenditure under Head 51 increased by \$1,444,712 or 4% in 2014 compared to 2013. This was due to the increase in pension payments by \$2,460,920 or 10%, gratuities \$271,230 or 26%. The increase in pension payments was mostly related to the female pension compensation of \$2,015,710 in 2014.

Table 4.4: Head 52 - Statement of Receipts and Expenditure in 2014

Description	2014 (\$)	2013 (\$)
EXPENDITURE		
Operating Expenditure		
Finance Charges on Public debt – Miscellaneous Payment	1,048,247	967,595
Finance Charges on Public debt – Overseas Loans	79,325,788	71,628,964
Finance Charges on Public debt – Domestic Loans	386,101,828	367,174,356
TOTAL EXPENDITURE	466,475,863	439,770,915

The finance charges on public debt increased by \$26,704,948 or 6% compared to 2013 due to increases in finance charges on public debt for miscellaneous payments by \$80,652 or 8%, increase in finance charges on public debt for overseas loans by \$7,696,824 or 10.8% and increases in finance charges on public debt for domestic loans by \$18,927,472 or 5%.

4.3 Appropriation Statement

The Ministry incurred expenditure totalling \$64,134,921 in Head 4 in 2014 against a revised budget of \$64,835,852, resulting in a saving of \$700,931 or 1%. The Ministry approved the transfer of funds totalling \$471,161 from SEG 1 to other SEG's within Head 4. Refer to Table 4.5 for details:

Table 4.5: Head 4 - Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	9,257,569	(471,161)	8,786,408	8,527,757	258,651
2	Unestablished Staff	639,347	---	639,347	644,364	(5,017)
3	Travel & Communication	261,360	65,472	326,832	298,916	27,916
4	Maintenance & Operations	1,175,800	148,411	1,324,211	1,190,851	133,360
5	Purchase of Goods & Services	1,919,131	55,207	1,974,338	1,953,740	20,598

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
6	Operating Grants & Transfers	50,579,145	---	50,579,145	50,579,145	---
7	Special Expenditure	---	17,508	17,508	9	17,499
	Total Operating Costs	63,832,352	(184,563)	63,647,789	63,194,782	453,007
9	Capital Purchases	---	152,126	152,126	118,307	33,819
10	Capital Grants and Transfers	500,000	---	500,000	500,000	---
	Total Capital Expenditure	500,000	152,126	652,126	618,307	33,819
13	Value Added Tax	503,500	32,437	535,937	321,832	214,105
	TOTAL	64,835,852	---	64,835,852	64,134,921	700,931

The Ministry incurred expenditure totalling \$142,008,449 in Head 50 in 2014 against a revised budget of \$168,102,072 resulting in savings of \$26,093,623 or 16%. The Ministry approved the redeployment of funds out from Head 50 totalling \$11,921,793 to Fiji Roads Authority. The Ministry also approved the transfer of funds totalling \$3,710,879 out from SEG 10 to SEG 7 within Head 50. Refer to Table 4.6 for details:

Table 4.6: Head 50 - Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	5,000,000	--	5,000,000	3,083,580	1,916,420
3	Travel & Communication	2,500,000	---	2,500,000	1,620,907	879,093
5	Purchase of Goods & Services	3,862,800	151,329	4,014,129	3,463,416	550,713
6	Operating Grants & Transfers	13,260,000	116,231	13,376,231	13,276,791	99,440
7	Special Expenditure	6,652,100	4,008,190	10,660,290	9,004,227	1,656,063
	Total Operating Costs	31,274,900	4,275,750	35,550,650	30,448,921	5,101,729
9	Capital Purchases	13,537,406	(1,048,899)	12,488,507	9,401,667	3,086,840
10	Capital Grants and Transfers	131,228,759	(15,632,672)	115,596,087	98,149,112	17,446,975
	Total Capital Expenditure	144,766,165	(16,681,571)	128,084,594	107,550,779	20,533,815
13	Value Added Tax	3,982,800	484,028	4,466,828	4,008,749	458,079
	TOTAL	180,023,865	(11,921,793)	168,102,072	142,008,449	26,093,623

The Ministry incurred expenditure totalling \$36,785,353 in Head 51 in 2014 against a revised budget of \$39,747,400 resulting in a savings of \$2,962,047 or 7.5%. Refer Table 4.7 for details:

Table 4.7: Head 51 - Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
11	Pensions, Gratuities and Compassionate allowance	39,747,400	---	39,747,400	36,785,353	2,962,047
	TOTAL	39,747,400	---	39,747,400	36,785,353	2,962,047

The Ministry incurred expenditure totalling \$466,475,863 in Head 52 in 2014 against a revised budget of \$503,517,266 resulting in a savings of \$37,041,403 or 7%. Refer to Table 4.8 for details:

Table 4.8: Head 52 - Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
12	Finance Charges on Public Debt	503,517,266	---	503,517,266	466,475,863	37,041,403
	TOTAL	503,517,266	0	503,517,266	466,475,863	37,041,403

4.4 Statement of Losses

The Ministry of Finance recorded no loss of cash or revenue in 2014 however, items worth of \$338,087 were written off following the Ministry's Board of Survey conducted in 2014. In addition, sum of \$7,333,900 for accounts which are asset in nature were also written off as part of clearing of previous years unsubstantiated postings.

4.5 Consolidated Manufacturing Account – Trading & Manufacturing Activity

The Consolidated Manufacturing Account is for Government Printing & Stationery Department and Fiji Procurement Office. Total production costs in 2014 amounted to \$1.2 million. Refer Table 4.9 for details:

Table 4.9: Consolidated Manufacturing Account

Description	31 December 2014 (\$)	31 December 2013 (\$)
Raw Materials (01/01/14)	1,158,751	820,547
Add: Purchases	841,720	1,003,223
	2,000,471	1,823,770
Less: Raw Materials (31/12/14)	596,167	1,158,751
Raw Materials Used	1,404,304	665,019
Add: Direct Labor	145,990	331,907
Less: Work in Progress (31/12/14)	352,944	0
Cost of Manufactured Goods Transferred to Trading Account	1,197,350	996,926

4.6 Consolidated Trading Account – Trading & Manufacturing Activity

The Consolidated Trading Account is a consolidation of Government Printing & Stationery Department and Fiji Procurement Office accounts. The cost of goods sold amounted to \$1.2 million whilst sales income was only \$2.9 million, resulting in a gross profit of \$1.7 million. Refer Table 4.10 for details:

Table 4.10: Trading Account - Government Printing & Stationery Department & Fiji Procurement Office

Description	31 December 2014 (\$)	31 December 2013 (\$)
Sales	2,947,698	3,202,136
Stock of Finished Goods (01/01/14)	724,080	3,352,273
Add: Cost of Manufactured Goods	1,197,350	996,926
	1,921,430	4,349,199
Less: Stock of Finished Goods (31/12/14)	768,001	724,080
Cost of Finished Goods Sold	1,153,429	3,625,119
Gross Profit/(Loss) Transferred to Profit/(Loss) Account	1,794,269	(422,983)

4.7 Consolidated Profit & Loss Statement – Trading & Manufacturing Activity

The consolidated profit & loss statement showed a consolidated net profit of \$1.66 million compared to a net loss of \$1.12 million in 2013.

Total expense for 2014 was \$129,794 with the major components of expenses being incurred on other expenses. Refer Table 4.11 for details:

Table 4.11: Profit & Loss Statement - Government Printing & Stationery Department and Fiji Procurement Office

Description	31 December 2014 (\$)	31 December 2013 (\$)
Income		
Gross (Loss)/Profit transferred from Trading Account	1,794,269	(422,983)
Expenses		
Travel & Communication	1,708	4,679
Maintenance & Operations	48,440	482,059
Other Expenses	79,646	215,079
Total Expenses	129,794	701,817
Net Profit/(Loss)	1,664,475	(1,124,800)

4.8 Balance Sheet – Consolidated Trading & Manufacturing Activity

The consolidated net assets of the Ministry during the year 2014 totalled \$5.2 million which declined by \$2.4 million (31%) compared to 2013. This was attributed to a reduction in Accounts Receivable by \$2,685,965 (90%). Refer Table 4.12 for details:

Table 4.12: Balance Sheet

Description	31 December 2014 (\$)	31 December 2013 (\$)
Accounts Payable	27,991	597,668
Deposits & Deductions	10,172	20,173
Total Liabilities	38,163	617,841
Equities		
TMA Surplus Capital Returned to	(6,031,874)	4,919,470

Description	31 December 2014 (\$)	31 December 2013 (\$)
Consolidated Fund		
TMA Accumulated Deficit	9,498,787	(11,944,242)
Net Profit / (Loss)	1,664,475	(1,124,800)
Total Equity	5,131,388	(8,149,574)
TOTAL LIABILITIES & EQUITY	5,169,551	(7,531,731)
Current Assets		
Cash at Bank	3,156,629	2,484,273
Raw Materials	596,167	1,158,751
Work in Progress	352,944	---
Finished Goods	768,001	724,080
Accounts Receivable	295,810	2,981,775
Fixed Assets	---	182,852
TOTAL ASSETS	5,169,551	7,531,731

The cash at bank balance increased by \$672,356 or 27% due to increase in sales revenue by the Government Printing & Stationery Department in 2014 compared to 2013 as Ministry/Department have opted to request Government Printing & Stationery Department for its printing needs.

In addition, raw materials decreased by \$562,584 or 49%, accounts receivable decreased by \$2,685,965 or 90% and fixed assets decreased by \$182,852 or 100% in 2014.

4.9 Consolidated Trust Account Statement

Total trust funds for the Ministry increased by \$1,278,439 or 14% in 2014 due to decrease in refunds/payments of performance bond & Mahogany licenses fees by \$6,400,821 or 81% Refer Table 4.13 for details:

Table 4.13: Trust Account

Description	31 December 2014 (\$)	31 December 2013 (\$)
Opening Balance 1 January	8,847,513	10,748,700
Receipts		
Receipts from Performance Bond & Mahogany licenses fees	2,747,365	5,968,560
Total Receipts	2,747,365	5,968,560
Payments		
Payments of Performance Bond & Mahogany licenses fees	1,468,926	7,869,747
Total Payments	1,468,926	7,869,747
Closing Balance	10,125,952	8,847,513

MINISTRY OF FINANCE

4.10 Budget Allocation For 2014

The Ministry's revised budget was \$60.6 million for the year ended 31/12/14 excluding Government Printing & Stationery Department and Fiji Procurement Office which are also discussed later in the report.

The Ministry's budgetary allocation was divided into operating expenditure totalling \$59.6 million, capital expenditure totalling \$0.6 million and VAT expenditure totalling \$0.4 million. Refer Table 4.14 for details of budgeted expenditure to the actual expenditure incurred in 2014:

Table 4.14: Ministry of Finance - Revised Budget vs. Actual Expenditure

SEG	Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	%age
1	Established Staff	5,979,312	6,030,666	(51,354)	(1)
2	Government Wage Earners	175,958	187,245	(11,286)	(6)
3	Travel & Communication	261,432	242,366	19,066	7
4	Maintenance & Operations	711,858	711,417	441	---
5	Purchase of Goods & Services	1,897,207	1,886,212	10,995	1
6	Operating Grants & Transfers	50,579,145	50,579,145	---	---
7	Special Expenditure	17,508	9	17,499	100
9	Capital Purchases	123,279	93,345	29,934	24
10	Capital Grants and Transfers	500,000	500,000	---	---
13	Value Added Tax	418,337	246,813	171,523	41
	Total	60,664,036	60,477,218	186,818	---

Overall there was savings of \$186,818 or 0.3% of the revised budgeted. However, the Ministry over-spent established staff expenditure by \$51,354 or 1% and government wage earners expenditure by \$11,286 or 6% of the revised budget estimate.

4.11 Head 50 - Miscellaneous Payments of Government

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 \$168.1 million for the year ended 31/12/14.

The Head 50 budget allocation was divided into operating expenditure totalling to \$35.6 million or 21%, capital expenditure totalling \$128 million or 76% and VAT expenditure totalling to \$4.5 million or 3%. Refer Table 4.15 for details of budgeted expenditure to the actual expenditure incurred in 2014:

¹ Financial Management Act 2004, Section 13 (3)

Table 4.15: Head 50 - Revised Estimate versus Actual Expenditure

SEG	Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	Percent (%)
1	Established Staff	5,000,000	3,083,580	1,916,420	38
3	Travel & Communication	2,500,000	1,620,907	879,093	35
5	Purchase of Goods & Services	4,014,129	3,463,416	550,713	14
6	Operating Grants & Transfers	13,376,231	13,276,791	99,440	1
7	Special Expenditure	10,660,290	9,004,227	1,656,063	16
9	Capital Purchases	12,488,507	9,401,667	3,086,840	25
10	Capital Grants and Transfers	115,596,087	98,149,112	17,446,975	15
13	Value Added Tax	4,466,828	4,008,749	458,079	10
	Total	168,102,072	142,008,449	26,093,623	16

There was a savings of \$26 million or 16% of the revised budgeted expenditure.

4.12 Head 51 – Pensions and Other related Payments

The revised budget for pension and other related payments was \$39.7 million for the year ended 31/12/14.

The Head 51 budget allocation was divided into operating expenditure totalling \$39.7 million comprising of Pensions, Gratuity and Compassionate allowances. Refer Table 4.16 for details of budgeted expenditure against the actual expenditure incurred in 2014:

Table 4.16: Head 51 - Revised Expenditure versus Actual Expenditure

Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	Percentage
Pensions Civil & Compassionate	12,692,479	11,738,473	954,006	8%
Payment Of Benefits To Dependents	7,202,521	7,202,521	---	---
Pensions to Widows & Orphans	214,500	167,359	47,141	22%
War Pensions	17,900	848	17,052	95%
FMF pensions	4,582,300	4,233,314	348,986	8%
Ex-Governor General, President	704,000	703,432	568	---
Ex-Parliamentarians	2,475,600	2,100,412	375,188	15%
Pension To Former Chief Justice	232,100	192,812	39,288	17%
Compensation Female Pensioners	2,500,000	2,015,710	484,290	19%
Commuted Pension, Ex-Gratia	74,000	---	74,000	100%
Prison Gratuities	300,000	102,530	197,470	66%
Contract Officers Gratuities	1,600,000	1,198,771	401,229	25%
Forestry Gratuities	32,000	31,163	837	3%
COLA To Pensioners	7,120,000	7,098,008	21,992	---
Total	39,747,400	36,785,353	2,962,047	7%

There was a savings of \$2.96 million or 7% of the revised budgeted expenditure.

4.13 Debt Repayment Expenditures - Head 52

The revised budget for repayments of debt was \$503.5 million for the year ended 31/12/14.

The Head 52 budget allocation was divided into Finance Charge on Public Debt for Miscellaneous Payment of \$6.0 million or 1%, Finance charges on Public Debt for Domestic loan of \$406 million or 81% and Finance charges on Public Debt for Overseas Loan of \$91.3 million or 18% of the budgeted expenditure. Refer Table 4.17 for details of budgeted expenditure to the actual expenditure incurred in 2014:

Table 4.17: Head 52 - Revised Expenditure versus Actual Expenditure

Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	Percent (%)
Interest treasury bills	3,500,000	921,998	2,578,002	74
Provision for contingent liability	1,000,000	0	1,000,000	100
RBF fees & charges	150,000	126,249	23,751	16
Agency & Management Fees	1,350,000	0	1,350,000	100
Financial charges on public debt - overseas loans	91,326,794	79,325,788	12,001,006	13
Financial charges on public debt - domestic loans	406,190,472	386,101,828	20,088,644	5
Total	503,517,266	466,475,863	37,041,403	7

There was a saving of \$37 million or 7% of the budgeted expenditure.

4.14 Anomalies in the accounting of Mahogany Trust Funds Account

All funds released from agencies and recorded on Standard Liability Group (SLG) 84, shall be reconciled on a monthly basis and a report sent to the paying agency.²The relevant section of the Ministry of Finance (MoF) shall check all monthly reconciliations and all relevant documents to ensure proper usage of funds.³

The Mahogany Trust Fund account being titled “Mahogany Industry Council” for the purpose of receiving of license fees issued by Mahogany Industry Council and to be utilised by Fiji Hardwood Corporation Limited.

Following a request for utilisation, the MoF transfer the trust money to the Consolidated Fund Account which is then transferred to Ministry of Public Enterprise (MPE) using the standard liability group account 84 (SLG 84) – *Accounts Payable*.

Audit review of the Miscellaneous Trust Fund Account revealed the following anomalies:

- 1) The mahogany trust fund account balance of \$44,163 as at 31 December 2014 as shown under SLG 84 was not regularised with evidence of any cheque payment from Ministry of Public Enterprise to MoF and repaid to the trust fund bank account. However the audit noted that a journal voucher was only raised by Ministry of Public Enterprise during December 2014 to clear the SLG 84 balance.

² SLG 84 Reporting Guideline, Section 5.1

³ SLG 84 Reporting Guideline, Section 6.4

- 2) In addition, the MoF adjusted the inter departmental clearance (IDC) accounts with Ministry of Public Enterprise totalling \$66,440.64 by debiting the Head 50 expenditures (1-50101-50999-100221) instead of Mahogany Trust Fund Account resulting on a negative expenditure amount shown in Head 50 general ledger.
- 3) During 2014, the acquittal details of mahogany trust fund expenditures amounting \$553,140.27 incurred by Ministry of Public Enterprise paid through SLG 84⁴ were not submitted by Ministry of Public Enterprise as required under SLG 84 reporting guidelines.

The findings indicate the lack of monitoring on the accounting of trust accounts and to ensure that amounts reflect in the trust account being fairly stated.

Recommendations

- **The Ministry of Finance should properly monitor and supervise the movement and utilization of Miscellaneous Trust fund to ensure that funds released has been utilized in the manner it was given for; and**
- **The SLG 84 reporting guideline which requires paying Ministry being Ministry of Finance to remind Ministry of Public Enterprise on the submission of acquittals on the use of funds recorded under SLG 84.**

Ministry's Comments

The Mahogany Trust monies form part of the Consolidated Trust account which is reconciled every month. Our instructions to Public Enterprise were for them to return any unused monies by way of cheque. At the end of the reporting period, no such cheque was received indicating that the total amount was spent and as such no adjustment was made in the reconciliation.

Public Enterprise had amalgamated the \$44k with another charge of \$22k that brought the total amount to \$66k which was cleared to head 50.

According to Public Enterprise, they have provided audit with the acquittals and supporting documents (vouchers etc).

4.15 Misuse of Taxpayers Funds for Sports and Social Club Activities

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.⁵

On 04/06/14, the Ministry made an advance payment to a Sportswear Company via Electronic Fund Transfer (EFT) totalling \$22,248.40 for purchase of sports gear for the Ministry of Finance staff⁶ and was to be recovered from staff within a 3 months' timeline. Deductions were effected from staff accounts but instead of reimbursing the funds to government, the deductions were paid to the Social Club account.

⁴ Allocation: 1-36101-86999-840101

⁵ Financial Management Act 2044, Section 5 (c) (e)

⁶ Permanent Secretary (PS) Finance approval dated 31/03/14

As the initial payment to the Sports Company of \$22,248.40 still lay outstanding in the Revolving Fund Account, the Ministry passed several journal entries from the Operating Trust account and Drawings account totalling \$12,711.42 to reduce the Revolving Fund Account.

The Ministry then passed numerous journal entries from the Drawings and other accounts to clear off the Operating Trust Fund account⁷. Refer to **Appendix 4.1** for details.

As at 31st December 2014, the Revolving Fund had a balance of \$9,536.98 whilst the Operating Trust accounts had been zeroed without any reimbursement from the overpayment made to Social Club.

Upon audit enquiry in 2015, the Social Club reimbursed the sum of \$9,536.98, whilst \$12,711.42 remained outstanding. Refer Table 4.18 for details.

Table 4.18: Funds outstanding to CFA as at 02/09/15

Date	Description	Amount (\$)	Amount (\$)
04/06/14	Payment to Sports Company – EFT # 1412		22,248.40
24/04/15	Less: Refunds : RR 638879	(5,000.00)	
05/08/15	RR 639115	(900.00)	
07/08/15	RR 639118	(3,636.98)	
	Total paid to government		(9,536.98)
	Unrecovered balance from Social Club		12,711.42

Further enquiry revealed that the Ministry on 27th March 2015, made another payment of \$23,959.40 to the Sportswear Company.

The manipulation of various accounts reveals a deliberate attempt to cancel the debt.

Recommendations

- **An internal investigation should be conducted to identify those responsible for the manipulation of the various accounts and corrective actions to be instigated accordingly.**
- **Social Club Executives should also be dealt with accordingly for utilising taxpayers funds.**

Ministry's Comments

The Ministry in its endeavour to provide support to the Whole of Government wellness program encouraged staff to participate in the in the ministry sports day and also the civil service sports competition. This initiative was made in the right spirit with a well plan process and procedures for it to be cleared within the same year.

However, a miscommunication between the sections with the ministry resulted in this situation. From the \$12,711.02 mentioned in the report to which the social club and the Ministry of Finance official are currently making payments.

4.16 Balance of Head 50 Funds transferred to SEG 1

The Permanent Secretaries of agencies may authorize the transfer of budgeted funds out from SEG 1 or 2 (Established and Un-established Staff) but shall not transfer funds into SEG 1 or 2⁸.

⁷ 1-04102-04999-861923

⁸ Finance Instructions 2010 – Section 10(1)(a)

At the end of each project, agencies are required to ensure proper clearing of the SLG84 account and any outstanding balance in the SLG84 account are to be accounted for⁹.

The Budget Section shall monitor and scrutinize all acquittals received, to ensure that funds are being used for its intended purpose and that projects are implemented according to plan and set timelines¹⁰.

Non - compliance of the necessary requirements shall result in the non-release of funds regardless of it being part of the agency's budget appropriation.¹¹

An audit review noted that Fiji Police Force made an unauthorised transfer of funds into SEG 1 without the approval of the Permanent Secretary for Finance totalling \$132,256.59 to be incurred for the Force's remunerations contrary to SLG 84 Reporting guide Section 9.5.

The audit noted that these funds were initially transferred from Head 50 to SLG 84 to meet 2014 election expenses. Refer Table 4.19 for details of the transfer:

Table 4.19: Showing funds transferred from SLG 84 to SEG 1 for Fiji Police Force

Date	Journal ID	Allocation	Dr (\$)	Cr (\$)
Dec 2014	063153	1-20110-20110-840101	124,763.37	
Dec 2014	063153	1-20101-20101-010302		124,763.37
Dec 2014	063156	1-20110-20110-840101	7,493.22	
Dec 2014	063156	1-20101-20101-010302		7,493.22
			132,256.59	132,256.59

As at August 2015, SLG 84 reconciliation¹² from Fiji Police Force for the funds released from Head 50 during 2014 were yet to be accounted by the Ministry.

The above findings indicate the laxity of Ministry of Finance to monitor and to ensure that the funds disbursed from Head 50 have been utilised for its intended purpose.

Recommendation

The Ministry should send out clear reminder to Ministry/Department that transfer of budgeted funds into SEG 1 or 2 is not allowed as per the requirements of section 10 of the Finance Instruction 2010.

Ministry's Comments

- *Towards the end of the year, the Ministry had issued a circular outlining the procedures to be carried out when closing the accounts for the year. These include the proper retirement of funds in the SLG84 accounts.*
- *The Ministry will issue another Finance Circular to reiterate to ministries and departments the monitoring and reporting requirements for all funds released from Head 50.*

The Ministry has been trying to get Police Department to explain their actions. The onus is on the Force Accountant (accounting head) to follow laid down procedures.

⁹ SLG 84 Reporting guide Section 9.5

¹⁰ SLG 84 Reporting Guide, Section 6.2

¹¹ SLG 84 Reporting Guide, Section 6.3

¹² Allocation 1 – 20110 – 20110 – 840101

4.17 Anomalies in Payments for Election Expenses for Fiji Police Force

The Budget Section shall monitor and scrutinize all acquittals received, to ensure that funds are being used for its intended purpose and that projects are implemented according to plan and set timelines.¹³

An officer shall be paid an additional meal allowance for each successive period of 5 hours continuous work performed immediately after the initial meal break.¹⁴ In respect of Saturdays, Sundays and gazetted Public Holidays, he/she shall be paid a meal allowance if he/she is required to work and/or undertake official travel continuously for each period of not less than five (5) hours.¹⁵

During the year 2014, the Ministry of Finance released \$1,258,604 from Head 50 to the Fiji Police Force to cater for the 2014 general election expenses. An audit review of the payments carried out by Fiji Police Force revealed the following anomalies:

- 11 mobile phones issued to the Police Officers valued at \$429 during the election period have yet to be returned to the Force;
- The Police Force Accountant could not provide for audit verification those meal claim forms with respect to claim of subsistence allowance and travelling expenses incurred on 20/09/2014 totalling \$10,584;¹⁶
- Similarly, audit could not obtain any verbal explanation from Fiji Police Force despite email correspondence to the Accounts Section for clarifications on the subsistence allowance and travelling expenses paid to Officer (EDP 51607) on 11/09/2014 and 16/09/2014 of \$40,500 and \$17,460 respectively; and
- The acquittal of the accountable advance retirement for EDP # 51903¹⁷ revealed an overpayment of \$5,760. Refer Table 4.20 for details:

Table 4.20: Showing overpayment for meal allowance – Audit calculation

Description	Amount (\$)	Payment for 40 Officers
Amount Acquitted on 30/09/14 – JV # 01/09/14	17,280	\$432 x 40 Officers
Eligible meals – Amount that should have been paid	11,520	\$288 ¹⁸ x 40 Officers
Overpayment	5,760	\$144 x 40 Officers

Audit requests for the Fiji Police Force to provide comments on the findings mentioned above remains unsuccessful.

The above anomalies show that the Budget division of the Ministry of Finance has not been carrying out its monitoring role to scrutinize acquittals for funds disbursed from Head 50.

¹³ SLG 84 Reporting Guide, Section 6.2

¹⁴ General Order 2011, Section 526(a)(iii)

¹⁵ General Order 2011, Section 526(a)(iv)

¹⁶ Cheque # 710681

¹⁷ Cheque # 710285, dated 08/09/14

¹⁸ (3 meals on 9/9/14, 10/9/14, 11/9/14, 12/9/14, 15/9/14, 16/9/14, 18/9/14, 19/9/14) & (2 meals on 13/9/14, 14/9/14, 17/9/14, 20/9/14)

Recommendations

- **The Ministry of Finance Budget section as administrator of funds for Head 50 should ensure that proper monitoring is done for the funds released to Ministries and Departments;**
- **The Budget Section shall monitor and scrutinize all acquittals received in relation to Head 50 expenditure to ensure that funds are being used for its intended purpose; and**
- **The Budget Division should investigate the Force acquittals and ascertain that funds were used for its intended purpose. Any overpayments or irregular payments are investigated and recovered accordingly.**

Ministry's Comments

The Ministry has issued a Finance Circular number 12/2015 to reiterate to ministries and departments the need for monitoring and reporting for all funds released from Head 50.

4.18 Irrecoverable Surcharge resulting in Loss of Tax Payers' Funds

Any surcharge recovery must be made in full within five years from the date of the surcharge or for a longer period as approved by the Permanent Secretary for Finance. Upon death or termination of the surcharged officer during the period, full recovery of the outstanding amount must be made from any dues outstanding by Government to the surcharged officer¹⁹.

Accounts which are overdue must be promptly followed up in accordance with the debt recovery procedures in the Finance Manual.²⁰

The audit noted that \$842,025.84 was reflected as surcharge arrears as at 31/12/14. Refer Table 4.21 for details:

Table 4.21: Surcharge Arrears as at 31/12/14

Ministry/Department	Surcharge Arrears as at 31/12/14 (\$)	% of Total
Ministry of Agriculture	123,580.18	15%
Ministry of Works & Energy	98,274.03	12%
Ministry of Health	97,235.98	12%
Fiji Police Force	94,936.71	11%
Department of Co-operatives	81,930.69	10%
Fiji Corrections Services	61,150.77	7%
Others Ministries & Departments	284,917.48	33%
Total	842,025.84	

In addition, the audit noted that 41% of those arrears are more than five years old, 33% are between two to five years and 26% less than two years old. Refer Table 4.22 for details:

¹⁹Finance Instruction 2010 – Section 65(2)&(4)

²⁰Finance Instructions 2010 - Section 41

Table 4.22: Ageing of Surcharge Arrears as at 31/12/14

Age of Debts	Amount (\$)	Percentage of Total (%)
Less than 1 year	91,138.12	12
1 – 2 years	121,862.72	14
2 – 5 years	281,949.95	33
More than 5 years	347,075.05	41
Total	842,025.84	100

Moreover, out of \$842,025.84, an amount totalling **\$306,470.13²¹ (36.4%)** are now considered **irrecoverable** due to Officers who have retired, terminated or resigned from the service.

Refer to **Appendix 4.2** for surcharge details by Ministry.

The audit noted that the Surcharge Unit has come up with the following strategies during the year 2014:

- the surcharge unit are now liaising with Fiji Revenue & Customs Authority to obtain TIN numbers of officers to locate the address of these retired, terminated and resigned Officers with outstanding surcharge balances;
- the unit have a surcharge template to activate deduction from the employee following the Ministry decision activate the surcharge action while giving an opportunity to the officer with thirty (30) days to appeal;
- the explanation period timeline being reduced from 28 days to 14 days for any justification for the officer to provide as to why the Officer should not be surcharged; and
- the Unit have started to calculate the rate of recovery on the termination date of the officer from the payroll who are appointed on contractual basis. Also the officers are required to sign a legal undertaking that in the event their contracts are not renewed; the officers will pay for the debt owed to Government.

However, a review of the implementation of these strategies revealed that processes are yet to materialize in terms of progress to make recovery. The unit mentioned that lack of TIN numbers hindered the recovery process.

Failure by the Ministry to collect the arrears on timely basis has led to irrecoverable surcharge amount totalling \$306,470.13.

Recommendations

- **The Ministry's surcharge Unit should liaise with the respective Ministries/Department to locate those Officers in order to conduct timely and consistent recovery of irrecoverable amounts owed to the Government; and**
- **The Ministry should continuously review those strategies and work in partnership with Solicitor-General's office on ways to be able to recover and reduce those arrears before those due not being enforceable for recovery due to statute barred implications.**

²¹ Amount provided via email dated 04/09/15

Ministry's Comments

The Surcharge Unit has been liaising with ministries and departments on the addresses of surcharged officers, who had resigned, deemed to resigned, retired or terminated. Some ministries and departments do not have the addresses of these identified officers as some had moved places and others had migrated to other countries. Through this exercise the Unit had managed to obtain the addresses of surcharged officers from where we can recover losses and also addresses of surcharged officers identified as irrecoverable and will consult with the Solicitor General.

The Unit shall pursue other alternative legal means after obtaining Solicitor General's opinion.

4.19 Delay in provision of Solicitor General's Office advice

Any surcharge recovery must be made in full within five years from the date of the surcharge or for a longer period as approved by the Permanent Secretary for Finance.²²

The following action shall not be brought after the expiration of six years from the date on which the cause of action accrued, that is to say actions to recover any sum recoverable by virtue of any Act, other than a penalty or forfeiture or sum by way of penalty or forfeiture.

No action shall be brought, or distress made, to recover arrears of rent, or damages in respect thereof, after the expiration of six years from the date on which the arrears became due²³.

Audit review noted that from the years 2006 to 2014, a large number of accident cases are still yet to be resolved waiting on the Solicitor General's advice. Refer Table 4.23 for details on the number of accident cases still waiting for the Solicitor General's advice:

Table 4.23: Number of Accident Cases Awaiting Solicitor General's Advice

Year	No. of Cases	No. of Advice	Pending Cases	Cost of Damages (\$)	Cost Recovered (\$)	Balance to be recovered (\$)	Percentage of Bal. of Cost to Recover
2006	236	166	70	455,903.59	188,275.56	267,628.03	59%
2007	173	120	53	272,795.09	180,996.59	91,798.50	34%
2008	184	125	59	329,976.25	129,101.62	200,874.63	61%
2009	158	117	41	292,564.19	201,722.26	90,841.93	31%
2010	158	123	35	445,632.20	392,469.88	53,162.32	12%
2011	130	92	38	463,403.06	419,610.62	43,792.44	9%
2012	149	101	48	419,798.62	330,668.02	89,130.60	21%
2013	140	104	36	423,548.37	329,342.97	94,205.40	22%
2014	119	52	67	422,097.63	161,566.78	260,530.85	62%
TOTAL				3,525,719	2,333,754.30	1,191,964.70	

(Source: Ministry of Finance – Vehicle Control Unit)

The above findings indicate potential loss of government for the surcharge balance of \$651,143.09 from 2006 to 2009 as it would be considered statute barred in accordance with Section 4(1) (d) of the Limitations Act [Cap 35].

²² Finance Instructions 2010 – Section 65(2), pp23

²³ Limitations Act [Cap 35] – Section 4(1)(d) and Section 7

Longer recovery period could result in unwarranted suspension of cases due to retirement, resignation, death of officer, or officers becoming incapable to work due to medical reasons, thus losses of the government will not be recovered.

There is a possibility that officers responsible for the accidents may no longer be in the service given the delay in surcharge actions.

Recommendations

Stringent and immediate measures need to be applied by the surcharge authority in their follow up with Ministries/ Departments to have these pending cases considering the Limitation Act of damages cost to vehicle becoming irrecoverable and to avoid those losses to Government; and

The Ministry should in consultation with Solicitor General's Office discuss of a strategy to clear those pending advice and ways to overcome those time limitations.

Ministry's Comments

The Vehicle Control Unit has been forwarding all accident cases to SG's Office for legal opinion on surcharges. Surcharge Unit will only proceed with the surcharge process once the vehicle accident files are received from Vehicle Control Unit with the Solicitor General's legal opinion. The above figures are not surcharge balances but pending vehicle cases with SG's Office awaiting their legal opinion. Prior to SG's opinion, the balance is not a loss but expenditure incurred on vehicle maintenance. Once the SG has studied the case and determines that the identified officer is responsible for the vehicle accident, the surcharge process will then be initiated and the vehicle repair cost will then be recognize as a loss.

The Vehicle Control Unit is presently enhancing the vehicle policy by including timelines on responses from SG's Office on legal opinion. Moreover we have issued the Finance Circular No. 22/14 on the Vehicle Accident Checklist to speed up the process within the required timeframe. On the pending cases the Ministry will work closely with SG's Office by following up on the accident cases to recover the cost identified in the audit report.

FIJI PROCUREMENT OFFICE

4.20 Budget Allocation For 2014

The Department's revised budget of \$1.5 million in 2014 included payroll, non-payroll and VAT expenditure.

The Department's budgetary allocation was divided into operating expenditure of \$1.4 million, capital expenditure of \$28,847 and VAT expenditure of \$37,000. Refer Table 4.24 for details of budgeted expenditure to the actual expenditure incurred in year 2014:

Table 4.24: Budgeted Expenditure vs. Actual Expenditure

SEG	Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	%
1	Established Staff	1,090,558	1,107,175	(16,617)	(2)
2	Government Wage Earners	126,364	145,669	(19,305)	(15)
3	Travel & Communications	50,000	42,470	7,530	15
4	Maintenance & Operations	118,153	118,152	1	-
5	Purchase of Goods & Services	49,500	49,499	1	-

SEG	Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	%
9	Capital Purchase	28,847	24,962	3,885	13
13	Value Added Tax	37,000	24,992	12,008	32
	Total Expenditure	1,500,422	1,512,919	(12,497)	(1)

There was an over expenditure of \$12,497 or (1%) against the total revised budget at the end of 2014.

4.21 Misplaced Declaration of Confidentiality and Interest Forms

Once the proposals have been received and it is clear which entities are involved, each member of the evaluation committee must complete a “Non-Conflict of Interest” declaration. This will be provided by the Secretariat of the Evaluation Committee. These forms must be signed before any committee members begin their initial evaluation of the tenders.²⁴

The evaluation members must maintain confidentiality and professionalism, during and after the evaluation meeting. The Declaration of Confidentiality and Interest must be filled before the meeting commences.²⁵

Conflict of Interest refers to situations in which personal interests (which may include financial interests) may compromise, or have the appearance of, or potential for, compromising professional judgement and integrity and, in doing so, the best interests of government.

An audit review of the tender files records for various tenders recorded for 2014 revealed the “Declaration of Confidentiality and Interest form” are not filed contrary to Section 7.1.5 of the Guide to the Tender and Evaluation Process 2010. Refer Table 4.25 for details.

Table 4.25: Details of Tenders approved with Missing Declaration of Confidentiality & Interest Form

Tender No.	Tender Name (Standing Offer Contracts)	Agency	Amount (\$)
CTN 128/14	Provision of Laundry Services for Central / Eastern Division	Whole of Government	Rate Based
CTN 89/14	Supply of Automotive Storage Batteries for WOG	Whole of Government	Rate Based
CTN 86/14	Supply of Hardware Items for WOG	Whole of Government	Rate Based

Discussions revealed that the Declaration of Confidentiality & Interest Forms must have been misplaced²⁶.

The above findings indicate laxity in the Procurement Office to ensure that the Evaluation Committees complies with Section 7.1.5 of the Guide to the Tender and Evaluation Process 2010.

Recommendation

The Procurement Office must ensure that Declaration of Confidentiality and Interest form is completed by the tender evaluation committee members before commencing the initial evaluation of the tenders and filed securely.

²⁴ Guide to the Tender and Evaluation Process 2010 – Section 7.1.5

²⁵ Finance Circular No. 10/2014 – Section 7.0

²⁶ Email conformation from FPO dated 04/09/15

Management Comments

These declaration forms are usually completed by officers who make up the Tender Evaluation Committee (TEC) prior to evaluation. The forms are then collected and submitted to FPO as part of the agency's request for Government Tender Board consideration. To ensure that these forms are submitted and not misplaced, we have added that it is now a requirement that FPO staff attending evaluation must bring the signed forms with them at the end of the evaluation.

GOVERNMENT PRINTING AND STATIONERY DEPARTMENT**4.22 Budget Allocation For 2014**

The Department's revised budget in 2014 totalled \$2.67 million. The Department's budget allocation was divided into operating expenditure totalling \$2.6 million or 97%, and VAT expenditure totalling to \$80,600 million or 3%. Refer Table 4.26 for details of budgeted expenditure to the actual expenditure incurred in 2014:

Table 4.26: Budgeted Expenditure versus Actual Expenditure

SEG	Item	Revised Estimate (\$)	Actual Expenditure (\$)	Savings (\$)	%age
1	Established Staff	1,716,538	1,389,916	326,622	19
2	Government Wage Earners	337,025	311,450	25,575	8
3	Travel & Communications	15,400	14,080	1,320	9
4	Maintenance & Operations	494,200	361,282	132,918	27
5	Purchase of Goods & Services	27,631	18,029	9,602	35
13	Value Added Tax	80,600	50,027	30,574	38
Total		2,671,394	2,144,784	526,611	20

A savings of \$526,611 or 20% of the total budgeted expenditure was noted at the end of 2014.

4.23 Internal Control Weaknesses

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 avoids unfavourable audit reports. The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency²⁷.

The Planning and Coordinating Officer shall ensure that jobs are undertaken in each section within the estimated time frame noted on the job sheets. Any variations must be included in the report tabled at the monthly Management meeting²⁸. The Government Printer shall be responsible for the proper management of the Government Printing TMA Operations²⁹.

Internal control is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.

²⁷ Finance Instruction 2010 – Section 59

²⁸ Government Printing Finance Manual 2013 – Section 6.2.8

²⁹ Government Printing Finance Manual 2013 – Section 6.5.8

The audit review of the internal controls systems for the Trading and Manufacturing Account (TMA) revealed the following anomalies:

- An audit review of selected printing jobs between the months of October 2014 to November 2014 noted that the Department incurred loss of \$45,459.21 as a result of actual cost of printing job exceeding the estimated costs of printing. Refer to **Appendix 4.3** for examples.
- Moreover, an audit review of the selected printing jobs during the period 16 May 2014 to 16 October 2014 revealed the absence of supervisory checks on the calculations of job costing sheets resulting in various printing works being either having under-cost or over-cost by \$49,457.31 and \$37,301.18 respectively. In additions, there were inconsistencies in profit margin for each printing jobs which indicate that the control over cost for each printing jobs were not being monitored. Refer to **Appendix 4.4** for details.

The findings indicate that the Department was not carrying out due diligence in terms of charging customers for the reasonable cost and runs the risk of losing its clients due to over costing of printing jobs.

Recommendations

- **The Government Printer should ensure that there is an improvement in coordination and communication between the planning and coordination sections in order to minimize the losses.**
- **The Government Printer should ensure that the details in the job costing sheets are verified and checked to ensure consistency in profit margin.**

Department Comments

Your comments are noted and taken on board. The Supervisor in charge of coordinating the job processes in the Department has been advised to be vigilant and job sheets are verified and signed off.

4.24 Trading and Manufacturing Account (TMA) Expenses Funded From Operating Fund Account

Each Agency operating a trading and manufacturing activity must prepare quarterly profit and loss statement. The profit and loss statement and the balance sheet must be prepared on an accrual accounting basis.

The profit and loss statement must include all expenses that relate to the activity, and where necessary, include estimates of overheads met by the department, depreciation of assets, services provided below costs by other agencies, provision for doubtful debts, and provision for inventory to be written off³⁰.

The audit noted that TMA fund expenditures (Fund 4) were being funded form Operating expenditures (Fund 1) of the Departments. Refer below for some examples:

- 1) Payment for electricity, water rates, telephone bills are made from operating fund (fund 1) whilst these services are also used in TMA operations (fund 4). Refer Table 4.27 for details:

³⁰ Finance Instruction 2010 – Section 30

Table 4.27: Examples of TMA Expenditures funded from fund 1 (Operating Expenditures)

Date	Payment for	Allocation	Amount (\$)
31/12/14	FEA Bill	1-04401-66101-040421	98,703.49
31/12/14	Water Bill	1-04401-66101-040521	3,246.40
31/12/14	Telecom Bill	1-04401-66101-030401	9,235.16
	Total		111,185.05

- 2) In addition, the Department transferred funds from TMA (Fund 4) to operating fund account (Fund 1) for payment of overtime and meal allowances. Refer Table 4.28 for details:

Table 4.28: Examples of Fund 1 Operating Expenditures Transferred from Fund 4 (TMA Operations)

Date	Cheque No	Allocation	Payment for	Fund 4 (\$)	Fund 1 (\$)
07/2014	4526	4-04451-66999-260201	Transfer of funds	4,313.82	
09/2014	JV 06/09	1-04401-66202-020401	Adjustment for posting from TMA to OFA		(4,313.82)
10/2014	4591	4-04451-66999-260201	Transfer of funds	10,123.23	
10/2014		1-04401-66101-020401	Overtime		4,096.44
10/2014		1-04401-66101-020301	Meal Allowance		684.00
10/2014		1-04401-66202-020401	Overtime		6,026.79
10/2014		1-04401-66202-020301	Meal Allowance		2,914.34
			Balance available in Fund 1		(3,598.34)

During audit, Ministry of Finance FMIS Division did confirm by email on 21 February 2015 that transfer of funds between fund 1 and fund 4 is not allowed except for the purchase of the goods and services³¹.

The illustrations above do confirm that the payments were not related to purchase of goods and services.

The above findings indicate that Trading and Manufacturing Accounts may not fully show its true financial performance when the operating funds are allowed to fund trading and manufacturing expenses.

Recommendations

The Department should consult Ministry of Finance FMIS Division to ensure that costs are apportioned to appropriate funds in the general ledger where necessary.

Department Comments

The Ministry is currently working on with FMIS users on TMA profiling to control inter fund posting. This will ensure that costs are apportioned to appropriate funds in the general ledger.

³¹ Email from MOF FMIS Division dated 21/02/15

4.25 Slow moving and Obsolete Inventory

Inventory purchasing, storage and recording should be efficiently managed to ensure that there is a sufficient level of inventories when needed, while minimizing the cost of holding inventory and the risk of stock becoming obsolete or damaged³².

Inventory must be purchased in the most economical manner having regard for:

- (a) the expected level of usage;
- (b) lead times for delivery;
- (c) volume discounts;
- (d) holding costs;
- (e) the availability of secure storage; and
- (f) the likelihood of deterioration³³.

Review of the stock take report revealed that inventories valued at \$198,906 and \$573,338 are slow moving and obsolete inventories as at 31/12/14 making up 57% of the total closing stock³⁴ of TMA. The findings reflect lack of commitment by the Department in monitoring the stock levels and could result in the incurrence of additional costs such as storage, security of the inventory items.

Recommendation

The Department should review the inventories and come up with strategies to reduce the slow moving and obsolete inventories.

Department Comments

Your comments are duly noted. The reason for some of the slow moving stock in the main store is due to the following:

- *Purchasing done on the request of Supervisor of Elections in the 2006 for General Elections, to print jobs like; boundary maps, ballot papers with special water mark papers, ballot countering books for NCR papers etc.*
- *Technological change - Machines have gone obsolete due to unavailability of parts and old age. The consumables or the accessories are still kept in stores.*
- *The change in procurement policy by government to obtain 3 quotations has meant that some of the jobs that used to be printed by GPSD have been taken out and consequently some of these paper stocks are no longer in use.*

With the impending sale of GPSD, all these slow moving stocks would be disposed.

4.26 Discrepancy between Physical Stock and Stock Card Balance

The Store man or any officer responsible for any stores shall maintain the inventory register to record incoming and outgoing inventories or stock items. The inventory register shall provide the following information:

- a) date of acquisition and order number reference;
- b) number of items received and cost price;
- c) supplier details;

³² Government Printing Finance Manual 2013 – Part 8

³³ Finance Instruction 2010, Section 36

³⁴ Total Stock as at 31/12/14 as per stock take report of \$1,346,018.24

- d) date of issue of inventory and nature of issue (for example, transfer or for processing);
- e) issue reference (authority such as requisition order);
- f) quantity issued³⁵.

The stock take report as at December 2014 for the Department revealed that stock quantity of most of the items did not match with the balances in the tally cards. The variances were due to tally cards not being updated.

A total of \$65,231 as at 2014 showed deficit balances indicating that the stock cards not recording movement of individual inventory items in/out from the stores while \$47,089 worth of inventory item being surplus items not recorded in the tally cards. Refer Table 4.29 and [Appendix 4.5](#) for the details by stores:``

Table 4.29: Discrepancies in Inventory Balances for 2014

Name of Stores	Deficits (\$)	Surplus (\$)
Main Book shop	18,910.22	22,663.44
Book Shop Bulk	19,908.35	10,207.99
Factory Stores	26,412.96	14,217.19
Total	65,231.53	47,088.62

In addition, the audit noted that similar variances were also appearing in previous years while the Department failed to take any action to minimize these variances. Refer Table 4.30 for details.

Table 4.30: Dollar Value between Physical Stock Counts and Stock Card Records Balances

Years	Deficits (\$)	Surplus (\$)
2012	15,072	1,400
2013	89,587	3,156
2014	65,231	47,089

If tally cards are not updated or maintained, the management is not in a position to determine the quantity of any stock it has at any point in time. The above also increases the risk of unauthorized sale, theft subsequently resulting in loss of government revenue.

This issue has been raised in the previous year's audit reports, however the Department failed to take heed of the audit recommendations.

Recommendations

The Department should ensure that the tally cards are regularly updated and verified against the physical stock.

The Store man should be disciplined for not updating the movements of inventory in the tally cards.

³⁵ Government Printing Finance Manual 2013 – 8.1.3

Department Comments

Your comments are duly noted. These stocks are from bookshop which was directed by Ministry of Finance to be moved to Vatuwaqa, in December 2012. The stock take team in 2014 have accounted for these stocks. The store's officer with his team is updating stock to tally cards. All the items are non-moving items.

Appendix 4.1: Revolving Fund Account & Operating Trust Fund Account Balances as at 31/12/14

<u>Revolving Fund Account (1-04102-04201-570301)</u>			
Drawings	22,248.40	Operating Trust Fund Account	
1-04102-04202-530302		1-04102-04999-861923	5,488.57
		Drawings	7,222.85
		1-04102-04202-530302	
		Balance c/f	9,536.98
	<u>22,248.40</u>		<u>22,248.40</u>

<u>Operating Trust Fund Account (1-04102-04999-861923)</u>			
Revolving Fund Account	5,488.57	Opening balance	2,610.95
1-04102-04201-570301			
Drawings	33,113.12	Salaries & Wages deduction	21,844.40
1-04102-04202-530302		1-04100-00000-010000	
		1-04100-00000-020000	
Miscellaneous Revenue	2,240.00	Salaries & Wages deduction	10,691.42
1-04102-04999-279999		1-04100-00000-020000	
		1-04100-00000-010000	
		Drawings	4,378.64
		1-04102-04202-530302	
		Operating Trust Fund Account	716.58
		1-04102-04999-861716	
		Bank Lodgement Clearance	90.00
		1-04102-04999-538101	
		Wages Deduction	509.70
		1-04301-65101-020101	
	<u>40,841.69</u>		<u>40,841.69</u>

Appendix 4.2: Surcharge Arrears as at 31/12/14

Ministry / Department	Surcharge Arrears (\$)	Percentage of total (%)
Agriculture	123,580.18	14.68
Works & Energy	98,274.03	11.67
Health	97,235.98	11.55
Police	94,936.71	11.27
Co-operatives	81,930.69	9.73
Prisons	61,150.77	7.26
Energy	26,503.00	3.15
Republic of Fiji Military Forces	26,228.66	3.11
Finance	23,683.74	2.81
Immigration	23,081.73	2.74
Local Government	22,336.20	2.65
Lands	20,763.95	2.47
Social Welfare	17,621.17	2.09
Youths & Sports	13,451.89	1.60
Education	12,413.19	1.47
Fisheries	12,290.00	1.46
Prime Minister's Office	10,127.06	1.20
Foreign Affairs	9,826.82	1.17
Forestry	8,922.26	1.06
Mineral Resources	6,693.98	0.79
ITC	6,434.77	0.76
Government Supplies	5,887.41	0.70
Provincial Development	5,135.73	0.61
NCSM	4,178.00	0.50
Information	3,419.33	0.41
Judicial	3,005.92	0.36
Auditor General	2,758.00	0.33
Solicitor General	2,700.00	0.32
Government Printing	2,517.07	0.30
Justice	2,260.00	0.27
Government Shipping	2,077.18	0.25
Multi Ethnic	2,000.00	0.24
Industry & Trade	1,779.00	0.21
PSC	1,597.30	0.19
Commerce	1,579.88	0.19
Elections Office	1,100.00	0.13
I – Taukei Affairs	690.00	0.08
Meteorology	650.00	0.08
President's Office	430.00	0.05
FIMSA	395.00	0.05
Labour	270.50	0.03
Attorney General's Office	70.00	0.01
Bureau of Statistics	23.74	0.0028
Parliament	15.00	0.0018
Total	842,025.84	100.00

Appendix 4.3: Variance between Estimated Cost and Actual Cost

Date	Job #	Job Description	Estimated Cost (SP) (\$)	Actual Cost (\$)	Loss (\$)
06/10/14	01/SW 918/14	Food voucher – text/front cover	2,311.00	3,209.88	(898.88)
	74/M/14	Printing of certificates	104.00	151.20	(47.20)
	73/M/14	Photocopy	70.00	94.50	(24.50)
	41/FGG/14	FGG Gazette	4,508.00	4,878.00	(370.00)
	70/GP118B/14	Personal file covers	6,400.00	7,990.99	(1,590.99)
	03/LD/14	Supply of paper – DTIO & Camera	355.00	369.45	(14.45)
	02/POL/14	Confidential medical exam form	4,220.00	5,516.34	(1,296.34)
20/10/14	16/FA/14	Hand book for participants	2,172.00	2,240.00	(68.00)
	80/PR/14	Reprint FGG 65/13	813.00	958.50	(145.50)
	18/OED/14	LANA A/Sheet Maths class 8	3,205.05	3,274.50	(69.45)
21/10/14	16/OED/14	LANA A/Sheet Maths class 4	2,302.90	2,368.50	(65.60)
	13/OED/14	LANA A/Sheet English class 4	2,302.90	3,419.25	(1,116.35)
	28/FA/14	Outcome document	3,345.00	3,630.00	(285.00)
	29/FA/14	PIDF Back ground dev. Booklet	2,110.00	2,180.00	(70.00)
	140/m/14	Tournament manual – booklet	400.00	420.00	(20.00)
	02/SUGAR/14	Business cards	120.00	128.00	(8.00)
	21/FA/14	Invitation cards traditional ceremony	400.00	429.00	(29.00)
30/10/14	04/PAR/14	Joint activities – house of representatives	1,100.00	1,328.00	(228.00)
	58/PR/14	Reprint – FSLC Maths 2009	270.00	986.00	(716.00)
	62/PR/14	Reprint – FSLC English 2009	265.00	836.00	(571.00)
	13/AFF131/14	Time cards	150.00	213.72	(63.72)
	17/PSC151/14	PSC official circular	110.00	198.00	(88.00)
	02/AU/14	Supply of material	225.00	264.39	(39.39)
06/11/14	87/PR/13	Reprints – FSFE Geography paper 2009	131.65	262.89	(131.24)
	85/PR/13	Reprints – FSLC Chemistry 2011 Q/P	170.80	376.19	(205.39)
	88/PR/13	Reprints – FSLC Maths 2010 Q/P	170.80	792.00	(621.20)
	98/PR/14	Reprints – FSLC Chemistry 2012	166.00	297.02	(131.02)
	86/PR/14	Reprints – FSFE 2009 Q/P	11.70	372.00	(360.30)
	147/FGG/13	Normal gazette dated 29/11/13	810.00	1,360.00	(550.00)
	150/FGG/13	Normal gazette dated 13/12/13	1,135.00	1,360.00	(225.00)
	03/POL518/14	Summons to witness	650.00	674.66	(24.66)
	126/PR/14	Reprint Maths 2010/ Chemistry 2010	1,053.00	1,670.00	(617.00)
	184/M/14	Condolence book	80.00	96.94	(16.94)
	183/M/14	Deck log book – Northern Odyssey	156.00	206.00	(50.00)
	16/PM/14	Complementary Slips	270.00	1,126.00	(856.00)
	49/FA/13	ORGA Programme	1,200.00	3,360.00	(2,160.00)
	02/WAF001A/14	Attendance Register	320.00	532.00	(212.00)
	21/FMF422C/14	Issue Schedule	140.00	240.15	(100.15)
	01/MET204A/14	MET Siphon Rain Gauge	750.00	756.00	(6.00)
07/11/14	03/DPP601A/14	Summon Forms	500.00	612.00	(112.00)
	03/WAF/14	HR – Manual book	3,570.00	22,386.00	(18,816.00)
	07/FMF/13	Receipt Book	140.00	152.94	(12.94)
	79/FGG/14	Extra FGG Gazette	1,530.00	1,638.00	(108.00)
	86/FGG/14	Extra FGG	1,725.00	1,782.00	(57.00)
	82/FGG/14	FG Gazette 11/07/14	810.00	920.00	(110.00)
	124/PR14	Reprint- FGG # 28/14	462.00	492.00	(30.00)
	87/FGG/14	FRG 25/7/14	1,170.00	1,366.00	(196.00)
	88/FGGS/14	Supplement # 16/14	2,160.00	10,920.00	(8,760.00)
	85/FGG/14	Gazette # 70/14	1,395.00	1,830.00	(435.00)
	09/LD/14	Supply of Material	70.00	71.25	(1.25)
	127/PR/14	Reprint Agriculture Science 2010 / 2009	606.00	990.00	(384.00)
	125/PR/14	Reprint Biology 2010	1,263.00	1,632.00	(369.00)

Date	Job #	Job Description	Estimated Cost (SP) (\$)	Actual Cost (\$)	Loss (\$)
	164/M/14	Supply of Material	15.00	32.30	(17.30)
	18/FMF/14	Menu / Name Tags	88.00	136.80	(48.80)
	96/FGG/14	Extra FGG # 79/14	1,035.00	1,820.00	(785.00)
	97/FGG/14	Gazette # 80/14	1,890.00	1,911.00	(21.00)
	100/FGG/14	Gazette # 82/14	2,430.00	2,730.00	(300.00)
	101/FGG/14	Supplement # 19/14	990.00	1,459.20	(469.20)
	104/FGG/14	Extra Gazette # 84/13	2,070.00	2,400.00	(330.00)
	204/M/14	Supply of Material	30.00	34.45	(4.45)
Total			68,422.80	113,882.01	45,459.21

Appendix 4.4: Detail of Under-Costing and Over-Costing

Date	Job #	Selling Price (\$)	Actual Cost (\$)	Under Cost (\$)	Over Cost (\$)	Profit/(Loss) Margin
10/6/2014	14/OED/14	3,333.75	2,372.25		961.5	29%
10/6/2014	13/OED/14	2,302.90	3,419.25	1,116.35		(48%)
16/05/2014	02/OED/14	10,200.00	1,760.35		8,439.65	83%
28/05/2014	09/OED/14	3,900	2,286.13		1,613.87	41%
28/05/2014	10/OED/14	3,980	2,344.23		1,635.77	41%
28/05/2014	11/OED/14	3,900	2,251.27		1,648.73	42%
28/05/2014	12/OED/14	3,900	2,251.27		1,648.73	42%
12/8/2014	55/OED/14	2,600	2,041.83	558.17		(21%)
26/08/14	56/OED/14	2,528	1,840.65	687.35		(27%)
26/08/14	57/OED/14	1,012	1,557.00		545	54%
26/08/14	58/OED/14	2,022	1,276.51	745.49		(37%)
26/08/14	59/OED/14	2,082	1,285.23	796.77		(38%)
29/08/14	61/OED/14	5,735	5,110.84	624.16		(11%)
29/08/14	62/OED/14	5,132	6,016.43		884.43	17%
29/08/14	64/OED/14	2,664	2,141.18	522.82		(20%)
29/08/14	65/OED/14	2,282	1,594.42	687.58		(30%)
29/08/14	67/OED/14	1,962	1,233.93	728.07		(37%)
29/08/14	68/OED/14	1,906	1,516.99	389.01		(20%)
29/08/14	69/OED/14	1,900	1,134.57	765.43		(40%)
29/08/14	70/OED/14	2,035	1,266.45	768.55		(38%)
30/08/14	71/OED/14	3,212	2,762.14	449.86		(14%)
30/08/14	72/OED/14	2,832	1,774.34	1,057.66		(37%)
30/08/14	74/OED/14	2,550	1,905.27	644.73		(25%)
30/08/14	75/OED/14	2,470	1,740.86	729.14		(30%)
2/9/2014	76/OED/14	1,530	634.19	895.81		(59%)
2/9/2014	77/OED/14	1,755	880.72	874.28		(50%)
2/9/2014	78/OED/14	456	82.72	373.28		(82%)
2/9/2014	79/OED/14	490	82.72	407.28		(83%)
3/9/2014	82/OED/14	2,384	1,712.39	671.61		(28%)
3/9/2014	83/OED/14	2,432	1,695.03	736.97		(30%)
3/9/2014	86/OED/14	2,096	1,364.27	731.73		(35%)
3/9/2014	87/OED/14	2,270	1,526.57	743.43		(33%)
3/9/2014	88/OED/14	1,832	1,144.11	687.89		(38%)
3/9/2014	89/OED/14	1,780	998.58	781.42		(44%)
3/9/2014	90/OED/14	1,655	783.29	871.71		(53%)
3/9/2014	91/OED/14	1,840	1,118.53	721.47		(39%)
19/08/14	19/OED/14	3,185.00	2,739.45		445.55	14%
19/08/14	23/OED/14	1,702.00	1,225.02		476.98	28%
19/08/14	24/OED/14	1,856.00	1,257.96		598.04	32%
19/08/14	25/OED/14	1,732.00	909.32		822.68	47%
19/08/14	26/OED/14	705	29.3		675.7	96%
19/08/14	27/OED/14	1,285.00	375.5		909.5	71%
12/8/2014	28/OED/14	1,240.00	566.09		673.91	54%
19/08/14	29/OED/14	1,517.00	824.06		692.94	46%
19/08/14	30/OED/14	1,555.00	1,051.11		503.89	32%
20/08/14	31/OED/14	1,310.00	726.45		583.55	45%
22/08/14	32/OED/14	1,600.00	1,099.81		500.19	31%
22/08/14	33/OED/14	1,462.00	948.21		513.79	35%
22/08/14	34/OED/14	1,610.00	1,230.45		379.55	24%
22/08/14	35/OED/14	1,650.00	1,181.84		468.16	28%
22/08/14	36/OED/14	1,495.00	988.47		506.53	34%

Date	Job #	Selling Price (\$)	Actual Cost (\$)	Under Cost (\$)	Over Cost (\$)	Profit/(Loss) Margin
22/08/14	37/OED/14	1,605.00	1,104.68		500.32	31%
22/08/14	38/OED/14	1,650.00	1,218.55		431.45	26%
22/08/14	39/OED/14	1,595.00	1,089.79		505.21	32%
26/08/14	40/OED/14	1,577.00	1,189.91		387.09	25%
26/08/14	41/OED/14	1,817.00	1,440.91		376.09	21%
26/08/14	42/OED/14	1,782.00	1,292.19		489.81	27%
27/08/14	43/OED/14	1,075.00	580.49		494.51	46%
27/08/14	44/OED/14	1,150.00	675.38		474.62	41%
29/08/14	45/OED/14	410	67.07		342.93	84%
29/08/14	46/OED/14	506	67.07		438.93	87%
30/08/14	48/OED/14	1,362.00	954.33		407.67	30%
3/9/2014	49/OED/14	1,375.00	920.09		454.91	33%
3/9/2014	50/OED/14	1,400.00	1,005.37		394.63	28%
3/9/2014	53/OED/14	2,370.00	2,710.64	340.64		(14%)
11/3/2014	06/FA/14	420	1,001.90	581.90		(139%)
17/04/14	12/FA/14	680	21,700.75	21,020.75		(3,091%)
16/05/14	17/FA/14	1,236.00	7,196.00	5,960.00		(482%)
28/05/14	20/FA/14	2,620.00	2,064.00		556	21%
2/6/2014	23/FA/14	490	115.2		374.8	76%
11/6/2014	30/FA/14	540	13.5		526.5	98%
Cutting of materials	77/CL/13	1,040.00	544.75		495.25	48%
Register of birth forms	18/CL589/14	2,000.00	613.65		1,386.35	69%
Marriage Certificate	23/CL514A/14	3,240.00	2,781.98		458.02	14%
Certificate of Marriage	33/CL514/14	1,290.00	938.97		351.03	27%
Bankruptcy statement	38/CL531/14	3,250.00	4,016.00	766.00		(24%)
Birth Certificate	40/CL421/14	6,640.00	5,313.58		1,326.42	20%
Marriage registration form	46/CL514C/14	1,500.00	2,520.00	1,020.00		(68%)
Total				49,457.31	37,301.18	

Appendix 4.5: Discrepancies in Inventory Balances for 2014

Item Description	Tally Card Bal.	Physical Count	Deficit Qty	Deficit Cost (\$)	Surplus Qty	Surplus Cost (\$)
Amended constitution 1997	42	17	25	95.65		
Aleni kotameni	40	85			(45.00)	117.45
Constitution 1998	15	10	5	19.13		
Brown tape 2"	75	41	34	28.90		
Clear tape 1"	1409	38	1371	685.50		
Official diary 2015	53	51			(51.00)	663
Figures maths tables 3	5	50			(45.00)	36.45
Vanguard sheet – a4 assorted colours	16	0	16	2.24		
A grammar of bouma Fijian	6	8			(2.00)	15.3
Na i tukuni ni veikau 2	66	57	9	15.65		
A i vola ni vula vaka viti	40	67			(27.00)	46.02
A4 carbon paper	3500	2400	1100	165.00		
Carbon paper 297 x 420mm	3500	3100	400	80.00		
Aleni kotameni	40	246			(206.00)	537.66
Affidavit form	95	184			(89.00)	16.02
Anmol vani	21	0	21	64.89		
Application for consent to a transfer	260	257	3	0.42		
Application for consent to a dealing	456	1286			(830.00)	149.4
Applied economics junior	21	16	5	41.22		
Appl. Economics jnr achiev. Fr frm 4	0	54			(54.00)	556.74
Arch lever file	37	30	7	33.25		
Attendance register gp169	24	16	8	16.70		
Azurelaid paper	600	0	600	84.00		
Annual return form	118	38	80	45.60		
Basic electrical engineering	5	4	1	35.58		
Basic science class 8 units 1-7	268	22	246	1,380.06		
Bill of sale	54	43	11	1.98		
Blackboard duster	50	11	39	39.00		
Brown wrapper 10m	68	20	48	199.68		
Brown wrapper 5m	106	15	91	197.47		
British resources	19	21			(2.00)	15.38
Clutch pencil	12	10	2	1.74	(11.00)	9.57
Cavet form	401	300	101	18.18		
White chalk	30	8	22	55.00		
Casio e2 label printer	0	1			(1.00)	58
Casio calculator-fx82	30	1	29	345.10		
Chemistry template	71	68	3	7.10		
5 classification folder	4	3	1	8.80		
Clear plastic ruler xmb-001	180	80	100	20.00		
Cpc form number 18	680	596	84	15.12		
College mathematics syllabus 2nd edition	4	5			(1.00)	21.73
Correction tape	27	16	11	9.35		
Commercial studies for form 3 workbook	64	79			(15.00)	52.17
Color push pin	42	13	29	56.84		
Coloured pencil 24s	30	0	30	64.20		
Coloured pencil 12s small	13	10	3	1.32		
Crop lieu form	296	787			(491.00)	88.38
Cluch pencil	12	10	2	1.74		
Cube gift	0	4			(4.00)	18
De da mani guilecava na a matai	27	99			(72.00)	263.52
De da mani guilecava 3	151	127	24	33.39		

Item Description	Tally Card Bal.	Physical Count	Deficit Qty	Deficit Cost (\$)	Surplus Qty	Surplus Cost (\$)
De da mani guilecava 1	186	106	80	111.30		
Declaration form	461	500			(39.00)	7.02
Destiny receipts books (100s)	50	46	4	10.00		
2015 desk calendar	48	20	28	92.40		
Delivery book	25	24	1	5.29		
Deluxe leads – refills	177		177	73.88		
Depatch book gp190	56	37	19	39.65		
Discharge of mortgage	165	44	121	21.78		
Dolphin eraser	100	90	10	1.00	(90.00)	9
Drawing book	160	364			(359.00)	99.9
Drua ni nanuma lesu 3	25	24	1	4.31		
Elementary science 6	12	11	1	1.04		
English pupil's activities book cls 2 unit	14	18			(4.00)	16.8
Envelopes 9 x 4	20	5	15	1.50		
Envelopes 6 x 4	300	105	195	19.50		
Envelopes a4	479	0	479	76.64		
Envelopes 15 x 10	149	44	105	16.80		
Experiment in seveth form chemistry	23	20	3	44.43		
Favourite stories from india	50	50	0			
Fiji flag small	1424	1500			(76.00)	87.23
Fiji junior certificate revision wk/book f3	33	35			(2.00)	10.78
Fiji seventh form mathematics revision guide	1	41			(40.00)	332.52
Fijian dictionary	25	11	3614	73.04		
Fijian grammar	22	21	1	8.35		
10 pocket display file	50	45	5	4.80		
File belt black	176	156	20	42.43		
File fastner – metal	4	3	1	3.50		
Fjc maths form 3 revision & study guide	130	31	99	534.43		
Fjc maths form 4 revision and study guides	71	69	2	10.57		
Flat file display book a4	0	140			(140.00)	448
Fslc mathematics revision exams ¬es	14	17			(3.00)	18.93
Fiji form 7 mathematics	1	41			(40.00)	1,026.40
Fijian dictionary	25	11	14	119.00		
Fijian grammar	22	21	1	7.50		
Focus	1	18			(17.00)	162.69
Form for revocation of power of attorney	665	263	402	72.36		
Form 5 - notice of cessation	853	980			(127.00)	22.86
Form 2 - partnership form	59	222			(163.00)	57.05
Fold back clips - 25mm	54	48	6	4.56		
Fslc revision accounting wbk	4	13			(9.00)	26.98
Fun with elementary science class 1	91	35	56	163.62		
Gp form 2 (payment voucher) loose	1014	214	800	40.00		
Gp 118b appointment file	446	443	3	3.60		
Geometry instrument set	94	41	53	79.50		
Glue pen	0	56			(56.00)	56
Glue stick	30	26	4	4.20		
Green lace	200	100	100	10.00		
Gyan pradeep 2	25	51			(26.00)	65
Gyan pradeep 1	1	15			(14.00)	35
Gyan pradeep cls 7	23	30			(7.00)	17.5
Health science class 1 ashwin maharaj	36	35	1	2.99		
Health science pupils wk/book class 5 cdu	10	4	6	13.44		
Health science pupils workbook 6	0	5			(5.00)	17
Health science class 7/form 1	0	4			(4.00)	12.24

Item Description	Tally Card Bal.	Physical Count	Deficit Qty	Deficit Cost (\$)	Surplus Qty	Surplus Cost (\$)
Health science class 8	60	7	53	119.25		
Heavy duty punch (4 hole)	3	4			(1.00)	66.09
Helix chemistry template	0	68			(68.00)	442
Helix treasury tags	23	22	1	8.40		
Helix mathematical set	0	1			(1.00)	16.55
Helix stencil	1	1	0			
Highlighter assorted yosogo	376	108	268	201.00		
Mental arithmetics 6	0	16			(16.00)	102.4
Meri chanti pustak workbook for class 6	0	27			(27.00)	74.25
History of Fiji	24	23	1	5.22		
Imprest form	29	29	0			
Introduction to home economics	1	32			(31.00)	625.39
Introduction to economics (e. Patel)	23	49			(26.00)	523.12
Id pounch	0	46			(46.00)	158.7
Island of the dolphin	23	111			(88.00)	547.9
Junior accounting for fiji is. Wrkbk	1	1	0			
Julius caesar	17	18	(1)	(8.70)	(1.00)	8.7
Ledger cover (pairs)	10	9	1	30.00		
Letter clips	74		74	46.33		
Link 1 pupils workbook	9	22			(13.00)	57.52
Link 2 rapid reading	3	11			(8.00)	19.12
Link 2 pupils book	5	6			(1.00)	5.78
Link 3 pupils workbook	25	11	14	72.56		
Link 4 pupils workbook	36	8	28	163.62		
Listen speak read & write	38	33	5	10.70		
Social science 5	0	1			(1.00)	3.25
Living in families social science class 8	0	8			(8.00)	21.2
School accounting ledger	0	66			(66.00)	41.58
Stamping pins	0	5			(5.00)	12.5
Leis	0	6			(6.00)	50.4
Listen speak read & write	0	4			(4.00)	21.8
Looking at the map	6	26			(20.00)	166.96
Mc form number 19	184	584			(400.00)	72
Mc form number 2	35	23	12	2.16		
Mc form number 22	166	212			(46.00)	8.28
Maths 4c 100 pages	380		380	266.00		
Maths 3a	16	56			(40.00)	108.52
Maths 3b	16	8	8	14.19		
Maths 4	16	2	14	28.63		
Maths cl.6	0	31			(31.00)	125.55
Maths class 7	3	5			(2.00)	14.33
Maths class 8a	245	12	233	752.59		
Maths class 8b	284	166			(113.00)	231.65
Memo cube	7	4	3	8.34		
Mental arithmetic 2	35	116			(81.00)	197.22
Mental arithmetic 3	101	59	42	116.87		
Mental arithmetic 5	0	35			(35.00)	196
Manilla folder-assorted	0	381			(381.00)	152.4
Meri chauti pustak cls 4	156	8	148	298.57		
Meri patheli pustak	0	180			(180.00)	342
Meri pachni pustak class 4	154	153	1	2.50		
Mortgage form	373	510			(137.00)	24.66
Na cagina	97	120			(23.00)	61.6
Na i keli vakatabana	0	59			(59.00)	147.5

Item Description	Tally Card Bal.	Physical Count	Deficit Qty	Deficit Cost (\$)	Surplus Qty	Surplus Cost (\$)
Na liga loloma	0	82			(82.00)	314.06
Na vola ni vula vakaviti	200	67	133	521.36		
Na i vola cakacaka ni viti 3	56	55	1	4.40		
Na i vola cakacaka ni viti 4	20	4	16	70.40		
Na i vola gacagaca ni viti 5	5	4	1	5.09		
Na i vosavosa vakaviti	161	91	70	121.74		
Nanuma lesu na noqu vosa 3	0	23			(23.00)	117.07
Na noda vuravura	80	330			(250.00)	625
Na tawa vanua	131	130	1	1.39		
Nanuma lesu 2	30	50			(20.00)	86.8
Nataraj hb pencil	976	130	846	117.70		
Nataraj super fine ball pen blue	7141	174	6967	1,463.07		
Nayau - na noqu yavatu	5	65	(60)	(313.04)	(60.00)	313.04
New english expression cls 6	14	4	10	29.91		
New enrichment pupils workbook class 2	1		1	4.50		
New social science workbook class 7	45	70			(25.00)	117
Non expendable ledger gp185	21		21	146.09		
Order of commitment	390	278	112	20.16		
Our various festivals	10	11			(1.00)	3.97
Oxford 100pages a4 lecture pad	90	88	2	1.88		
Oxford 2000pages a4 lecture pad	114	32	82	136.90		
Oxford mathematical set helix	59	35	24	180.00		
Paper clips dl127	12	5	7	1.95		
Paper clips dl150	15	10	5	3.83		
Paper ex envelope	50	1	49	61.36		
Passport application form	54	54	0			
Pay envelopes (box)	7	39			(32.00)	3,236.80
Pay envelopes loose	230	18	212	23.32		
Pencil sharpner	20	10	10	46.00		
Photocopy paper a4 – paperlins	207	7	200	1,790.00		
Pencil case	50	40	10	30.10		
Pencil leads	150	142	8	3.36		
Permanent markers	495	108	387	309.60		
Pre-school chart	24	20	4	3.48		
Power of attorney	507	2073			1,566.00	281.88
Plastic ruler	180	10	170	42.50		
Primary comprehension skills	59	28	31	125.08		
Protractor 360°	86	92			(6.00)	12.52
Half protractor	28	31			(3.00)	0.9
History of Fiji	0	23			(23.00)	120.29
Psc application form number 42	429	349	80	11.20		
Push pins coloured	14	17			(3.00)	6.9
Photocopying paper a4	207	12	195	1,745.25		
Quality photo glossy paper plus	1	1	0			
Qara ni yau nei solomoni na tui	0	7			(7.00)	24.5
Quire books - 200 pages	16	15	1	21.75		
Request of new certificate of title	413	402	11	1.98		
Request of provisional title	631	528	103	18.54		
Natraj black pen	2830	867	1963	490.75		
Natraj red pen	309	257	52	13.00		
Rubber natraj	100	48	52	5.20		
Ruled foolscap a4	25	5	20	125.91		
Santa's new reindeer	1	321			(320.00)	1,558.26

Item Description	Tally Card Bal.	Physical Count	Deficit Qty	Deficit Cost (\$)	Surplus Qty	Surplus Cost (\$)
School accounting cash	38	59			(21.00)	13.15
School accounting journal	4	720			(716.00)	448.28
School accounting ledger	135	80	55	34.65		
School certificate mathematics notes	3	9				
Semicircular 6" protractor	96	120			(24.00)	50.09
Set square 60°	120	82	38	243.20		
Small set square 60°	192	192	0			
Statutory declaration	0	337			(337.00)	67.4
Set square 45°	8	625			(617.00)	1,373.50
Small set square 45°	98	98	0			
Small claims form (4 x 1set)	24	62			(38.00)	38
Social science class 8/form 2	20	4	20	110.00		
Soopan 3	49	185			(136.00)	416.28
Soopan 1	9	22			(13.00)	11.7
Soopan 2	16	28			(12.00)	16.7
Spark workbook 5	43	73			(30.00)	77.22
Staedtler whiteboard marker blue	29	20	9	33.30		
Stamp pad	130	22	108	318.60		
Stamp ink	12	16			(4.00)	4
Statemen book small	0	59			(59.00)	73.88
Celco bulk scissors	12	4	8			
Stripping knife-I	21	11			(11.00)	25.3
Stories for us wbk	10	3	7	11.44		
Subject file	70	0	70	84.00		
Surrender form	251	125	126	22.68		
Summon to witness	234	223	11	1.98		
T square	2	34			(32.00)	294.4
Tales of many lands class 3	119	130			(11.00)	69.56
Tales of many lands class 5	8	15			(7.00)	63.21
Tales of many lands class 6	17	21			(4.00)	36.12
Tally card gp70	2150	1200	950	132.17		
Tape dispenser	27	26	1	0.97		
Task booklet 1	40	30	10	22.26		
Task booklet 2	472	30	442	983.93		
Task booklet 4	40	50			(10.00)	22.26
Tech drawing set	50	48	2	20.86		
Thumb tacks	160	22	138	37.26		
Transfer form	457	316	141	25.38		
Transfer form	280	276	4	0.72		
Transport rules & instruction	23	20	3	3.13		
Treasury Tagsq	23	20	3	25.20		
Treasure island	21	19	2	8.80		
Transmission by death	521	625			(104.00)	18.72
Na i tukuni ni veikau 1	56	259			(203.00)	353.04
Vehicle log book gp183	10	6	4	9.18		
Vehicle running sheet gp75	38	14	24	50.09		
Wooden ruler	279	29			(29.00)	7.25
Wages register t3	5	7			(2.00)	13
Wages pay sheet gp 26a	13	1400			(1,387.00)	69.35
Wages record sheet 26b	0	900			(900.00)	45
White board marker - staedler assorted	81	140			(58.00)	127.6
White board duster – magnetic	27	27	0			
Withdrawal of cavet form	183	1000			(817.00)	147.06
Writ of summons	338	762			(424.00)	76.32

Item Description	Tally Card Bal.	Physical Count	Deficit Qty	Deficit Cost (\$)	Surplus Qty	Surplus Cost (\$)
Yadra 4c maths 100 pages	177	741			(564.00)	470.82
Yadra 100pp a4	1120	900	220	160.70		
Yadra 120pp notebook	315	215	100	34.78		
Yadra 1b5 100 pages	100	180			(80.00)	48.97
Yadra 1b5 160 pages	460	124	336	303.86		
Yadra 80pp 1b5 ex bk	486	1187			(701.00)	525.75
Yadra a4 exercise books 200 pages	902	76	826	1,091.76		
Yadra maths 4c 200 pages	237	543			(306.00)	393.81
Yadra exercise book-a4 -200pgs	0	39			(39.00)	74.1
Yadra td workbook (a4l)	700	1080			(380.00)	532
Yosogo 606 marker assorted colours	197	143	54	28.17		
Total Main Bookshop				18,910.22		22,663.44
A grammer of bouma Fijian	1	8			(7.00)	53.55
A i vola ni vula vakaviti	0	399			(399.00)	1,528.17
Bailey ball pens	0	9036			(9,036.00)	1,897.56
Basic science class 7 cdu	35	Nil				
Basic science class 8 cdu	658	437	221	2,006.40		
Botany	4	4	0			
Brown cellotape 2"	0	2			(2.00)	\$1.70
Celco stripping knife-small	0	21		48.30	(21.00)	\$48.30
Celco bulk scissors	0	12		26.04	(12.00)	\$26.04
English activity cls 2 cdu	640	483	157	1,724.31		
Health science cls 5 cdu	380	283	97	625.43		
Health science cls 6 cdu	260	61	199	207.40		
Health science cls 7 cdu	450	248	202	758.88		
Health science cl 8	0	11			(11.00)	\$59.29
Link 1 pupils workbook	75	319			(244.00)	1,079.54
Link 1 rapid reading	0	58			(58.00)	190.24
Link 2 rapid reading	0	388			(388.00)	927.32
Link 2 pupils book	0	2			(2.00)	12.66
Link 3 pupils workbook	60	19	41	98.47		
Link 4 pupils workbook	70	5	65	29.22		
Listen speak read & write	219	70	149	149.80		
Living in family s.science cls 7 cdu	130	132		349.80	(2.00)	5.3
Maths 3a	328	257	71	697.25		
Maths 3b	122	53	69	94.02		
Maths 4	74	NIL				
Maths class 7	346	152	194	1,089.11		
Maths class 8a	740	571	169	1,541.70		
Maths class 8b	628	279	349	571.95		
Meri chauti pustak	89	219			(130.00)	226.09
Meri doosri cdu	214	160	54	473.60		
Meri pachui pustak	225	454			(229.00)	191.17
Meri teesri pustak class 3	0	208			(208.00)	680.16
Na ga a5	40	100			(60.00)	102
Noda vuravura	0	100			(100.00)	850
Plastic ruler 30cm	304	253	51	44.00		
Photocopying (a4)	0	110			(110.00)	837.1
Permanent marker assorted	0	314			(314.00)	238.64
Qara ni yau nei solomoni na tui	0	10			(10.00)	35
Ruled foolscap	0	20			(20.00)	148
Social science class 5 cdu	290	101	189	278.76		
Social science class 7	0	151			(151.00)	706.68

Item Description	Tally Card Bal.	Physical Count	Deficit Qty	Deficit Cost (\$)	Surplus Qty	Surplus Cost (\$)
Social science class 8 cdu	475	440	35	1,622.26		
Small business in the south pacific	32					
Stories for us wbk cdu	111	25	86	40.87		
Soopan 1	0	118			(118.00)	173.46
Sharpner	0	975		6,045.00		
Wooden ruler 30cm	216	144	72	21.60		
Yadra a4 exercise books 100pp	810	450	360	328.70		
Yadra 1b5 exercise books 160 pp	260	195	65	176.35		
Yadra 1b5 exercise books 80pp	25	127			(102.00)	53.22
Yadra 1b5 exercise books -100pp	0	180			(180.00)	136.8
Yadra a4 exercise books 200 pp	1224	650	574	859.13		
Yadra maths 4c 200 pages	237	0				
Yadra td workbook (a4l)	113	0				
Total Bookshop Bulk				19,908.35		10207.99
A grammar of bouma fijian	9	8			1.00	\$7.65
Arch lever files	82	0				
Around the world in 80 days	100	115	(15)	37.50		
Animal fibre	119	116			3.00	25.2
Applied economics jnr achievement for form	64	54			10.00	103.1
Bazic 6" 3600 protractor & compass	126	138	(12)	32.64	---	
Bazic 6" protractor semicircle	28	20			8.00	16.72
British resources *	0	38			---	
Cabe na lotu mai na yatu lau a5	435	365			70.00	219.13
Commercial studies for form 3 workbook	42	23			19.00	66.09
Commercial studies for form 4 workbook	152	135			17.00	90.1
Chemistry by j.a. Hunt and a.sykes	14	11			3.00	142.11
David cooperfield	78	105	(27)	67.50		
De da mani guileca 1	0	10				
De da mani guileca 2	101	88			13.00	\$42.05
De da mani guileca 3	0	90				
English 2000 class 2	207	208	(1)	3.93		
English shared and guide reading activities 3	175	174			1.00	3.87
Enrichment whole reading approach class 2	595	415			180.00	519.65
Enrichment whole reading approach class 4	549	580	(31)	123.07		
Exam practice-stage 2	0	28			---	
Favourite stories from india	8	30	(22)	122.10		
Figures -an approach to 5th form accounting	0	20				
Fiji junior certificate accounting revision	120	100			20.00	203
Fiji junior maths form 3 revision and study	130	100			30.00	161.74
Fslc accounting revision workbk	60	0				
Fiji islands towards a united future	0	13			-	
Fjc certificate accounting a. Sharif	45	59	(14)	137.32		
Focus	20	18			2.00	20.88
Focus fjc exams	53	52			1.00	10.2
Fold back clips	188	408	(220)	122.43		
From flowers to fruit by fred &	125	120			5.00	29.22
Fun with elementary science class 2	50	40			10.00	27.5
Growing on	57	86	(29)	685.85		
Id string	0	330			---	
Introduction to home economics 2nd ed	20	22	(2)	40.35		
Nz economics by john horseman	0	13				
Health science pupil's wrkbk cl. 2	100	76			24.00	80.64

Item Description	Tally Card Bal.	Physical Count	Deficit Qty	Deficit Cost (\$)	Surplus Qty	Surplus Cost (\$)
Introduction to economics e. Patel	71	25			46.00	1,032.24
Isa buku	131	175	(44)	110.00		
Ibm format disc	0	700			-	
Junior achievement applied economics	64	10			54.00	639.9
Ki lakeba vata ga nikua a5	154	153			1.00	2.43
King Solomon	105	108	(3)	7.50		
Ko ira na yavusa manumanu a3	105	286	(181)	566.61		
Ko nemani kei goneyalewa lailai	745	815	(70)	119.30		
Ko ra pusi kei ratu lote a5	272	282	(10)	17.04		
Ko ruci a5	1184	1850	(666)	926.61		
Ko taniela ena qara ni laione	1110	1792	(682)	1,162.37		
Ko toa tavaya na tama ni toa	1079	1159	(80)	136.35		
Leads profession	0	42			---	
Letter clips 30mm	981	979			2.00	1.25
Lets look at food 2nd ed	19	23	(4)			
Look at the map	22	31	(9)	75.13		
Maleya	0	3			---	
Mental arithmetics 6	150	180	(30)	83.48		
Mental arithmetic 3	489	560	(71)	197.57		
Meri chauti pustak cl.6	0	20			---	
Na drua ni viti 3	235	233			2.00	10.4
Na drua ni viti 2	168	76			92.00	478.4
Na cagina	0	189			-	
Na ga a3	94	111	(17)	100.47		
Na ga b5	785	688			97.00	165.32
Na gacagaca ni viti 2	3	53	(50)	203.48		
Na i vola cakacaka ni nanuma lesu 3	80	119	(39)	352.15		
Nai vola cakacaka ni viti va	0	55			---	
Na i vola cakacaka ni viti 5	61	6			55.00	242
Na vuvale kavoro	0	237			---	
Na gacagaca ni viti 5	120	190	(70)	308.00		
Na i vola gacagaca ni viti 4	3	3			---	
Na i vola gacagaca ni viti 6	26	95	(69)	280.80		
Na i vosavosa vakaviti eso	79	80	(1)	1.74		
Na ikeli vakatabana	60	144	(84)	209.78		
Na i vakatawa ni tobu	757	107			650.00	2,060.50
Na i vakatawa ni qele	0	83			-	
Na veitawasei vakaciriloloma	0	592			-	
Na leqa ni kadavulevu	980	3324	(2344)	7,336.72		
Na serekali kei na serevasi	117	96			21.00	65.74
Na tawa vanua	2216	1162			1,054.00	1,466.43
Na vakacacali 1	410	420	(10)	29.20		
Na vakacacali 2	243	233			10.00	29.22
Na salusalu	555	745	(190)	754.30		
Na tawa vanua	2216	1707			509.00	1,384.48
Na vanua ni burekalou	102	162	(60)	187.83		
Na kena totolo na kena vinaka	0	653				
Na marama yalo vinaka	874	868			6.00	10.2
Na manipusi	360	54			306.00	425.34
Nayau - my heritage vol 1	480	605	(125)	1,327.50		
Nayau - na noqu yavutu	586	578			8.00	41.74
New social science workbook form 1	16	---			---	
New english written expression-class 5	25	25			---	
New enrichment a whole reading approach	50	569	(519)	2,057.95		

Item Description	Tally Card Bal.	Physical Count	Deficit Qty	Deficit Cost (\$)	Surplus Qty	Surplus Cost (\$)
New enrichment whole reading approach wbk	595	607	(12)	54.00		
New certificate chemistry -6th edition	1	1			---	
Nunu ka se baci nunu a3	301	401	(100)	591.30		
Nunu ka se baci nunu b5	415	346			69.00	96
Noqu i tavoi	608	608			---	
O bawa	100	107	(7)	14.37		
O vo a5	0	25			---	
O vo a3	738	711			27.00	159.65
O ra belo (a5)	400	400			---	
O ra belo (a3)	1	1			---	
O ra kacau	0	310			---	
Our world f4	361	253			108.00	322.31
Na ovisa kei na nona tavi	2001	4304	(2303)	3,925.11		
Paper clips -small	0	340			---	
Paper clips -medium	0	546			---	
Paper clips-large	0	163			---	
Pacific o level guide	107	107			---	
Pattern & voice	3	3			---	
Photocopy paper a3 (500)	1	1			---	
Plants of Fiji	12	63	(51)	390.26		
Plants and seeds	97	60			37.00	166.02
Prem chand ki sagam	27	27			---	
Prem chand ki amar khandia	47	42			5.00	25.85
Primary comprehension skills bk 4	317	459	(142)	572.26		
Primary comprehension skills bk 3	561	273			288.00	1,183.68
Penguin book of nz	0	2			---	
Physics practical guide form six	4	3			1.00	3.13
Recent advance in animal nutrition 1992	5	5			---	
Robin hood	0	74			---	
Sa kavoro na mequ bilo	153	153			---	
Sa vakatiri weli dina a5	400	400			---	
Sa vakatiriweli dina a3	918	918			---	
Santa's new reindeer	3	3			---	
School certificate mathematics notes	89	101	(12)	180.00		
School accounting ledger	1878	1080			798.00	502.74
School accounting -journal	308	308			---	
Set square 600	192	16			176.00	1,126.40
Sivi na veikau qai kalu	59	1361	(1302)	2,219.06		
Small business in the south pacific	32	10			22.00	149.98
Soopan class 2	70	70			---	
Spark reader 3	43	41			2.00	4.66
Spark reader 4	78	68			10.00	24.5
Spark reader 5	235	235			---	
Spark workbook 5	240	240			---	
Summary writing principles and procedures	241	231			10.00	31.9
Stories from the bible	0	24			---	
Social science cl 7	0	15			---	
Stories for us	0	60			---	
Sherlock holmes	0	5			---	
T-square	0	149			---	
Tales of many lands class 1	60	60			---	
Tales of many lands class 2	60	60			---	
Tales of many lands class 3	5	5			---	
Tales on many lands class 4	117	117			---	

Item Description	Tally Card Bal.	Physical Count	Deficit Qty	Deficit Cost (\$)	Surplus Qty	Surplus Cost (\$)
Tales of many lands class 5	44	45	(1)	9.03		
Tales of many lands class 6	0	110			---	
Tales from shakespeare 1	60	70	(10)	37.40		
Tales from shakespeare 2	67	134	(67)	250.58		
Task booklet 1 - basic technology -option 3	426	451	(25)	68.00		
Tavia lolowai	94	93			1.00	1.7
Tukuni mai na veivanua ai karua	251	282	(31)	90.52		
The invisible man	105	109	(4)	10.00		
Typewriting skills exam practice stage3	0	29			---	
Urbanization	0	60			---	
Vinaka vuniwai (a5)	205	250	(45)	76.50		
Tukaqu kei buqu a5	451	446			5.00	7.85
Vinaka vuniwai (a3)	99	11			88.00	520.08
Writing summary	0	20			---	
Yiyang Computer File	280	270			10.00	66.3
Total Factory Stores				26,412.96		14,217.19

Section 5

Ministry of *i*-Taukei Affairs

Role and Responsibilities

The Ministry is mandated to provide policy advice to the Minister for *i*-Taukei Affairs and to develop, implement and monitor related policies and programmes for the 'good governance and well-being of the *i*-Taukei people' that is stipulated in the *i*-Taukei Affairs Act; consistent with the shared Values, Vision and Principles of the People's Charter for change, Peace and Progress and reinforces the application of the relevant provisions of the "Bill of Rights" under the 2013 Constitution of the Republic of Fiji.

The Ministry also provides the link between the Government and various *i*-Taukei institutions that amongst other things; serve both the rural and urban *i*-Taukei populace.

The Ministry is the custodian for official records on traditional knowledge and forms of cultural expressions; various Registers significant to the *i*-Taukei on resource ownership and usage. The Registers are also reference materials for resolving disputes. It acts as the judiciary for all *i*-Taukei disputes on land, customary fishing grounds and traditional headship titles. The Ministry also facilitates and promotes programmes aimed at safeguarding *i*-Taukei traditional knowledge and expression of cultures.

The Ministry administers the Government Scholarship Programme for *i*-Taukei and Rotumans. The aim of the programme is to bridge the knowledge gap through access to higher education opportunities by developing and advancing excellence in academic performance that also promotes the Ministry's vision of an 'Enlightened Vanua for a progressive Fiji'.

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PART A: FINANCIAL STATEMENT

5.1 Audit Opinion

The audit of the 2014 accounts of the Ministry of *i*-Taukei Affairs resulted in the issue of an unqualified audit report.

5.2 Statement of Receipts and Expenditure

The Ministry collected revenue totalling \$180,464 and incurred expenditure totalling \$7,933,140 in 2014.

Table 5.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue	173,342	3,705
Agency Revenue	7,122	8,986
TOTAL REVENUE	180,464	12,691
EXPENDITURES		
Operating		
Established Staff	2,258,380	2,040,303
Government Wage Earners	119,482	117,420
Travel & Communications	69,175	52,053
Maintenance & Operations	234,773	233,122
Purchase of Goods & Services	69,324	45,213
Operating Grants & Transfers	4,122,000	11,938,243
Special Expenditures	609,933	433,514
Total Operating Expenditure	7,483,067	14,859,868
Capital Expenditures		
Capital Grants & Transfers	356,409	317,250
Total Capital Expenditure	356,409	317,250
Value Added Tax	93,664	92,884
TOTAL EXPENDITURES	7,933,140	15,270,002

Total expenditure declined by \$7,336,862 or 48% in 2014 compared to 2013 due to a reduction in operating grants which was a result of the transfer of the Scholarship funds to Tertiary Education and Loan Scheme (TELS).

5.3 Appropriation Statement

The Ministry of *i*-Taukei Affairs incurred expenditure totalling \$7,933,140 against the revised budget of \$8,471,957 resulting in a savings of \$538,817 or 6%.

Details of expenditure against the budget estimates are provided in Table 5.2.

Table 5.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,624,472	(125,385)	2,499,087	2,258,380	240,707
2	Government Wage Earners	112,420	16,285	128,705	119,482	9,223
3	Travel & Communications	70,542	10,527	81,069	69,175	11,894
4	Maintenance & Operations	269,500	15,223	284,723	234,773	49,950
5	Purchase of Goods & Services	50,587	33,887	84,474	69,324	15,150
6	Operating Grants & Transfers	4,123,200	---	4,123,200	4,122,000	1,200
7	Special Expenditure	709,850	35,800	745,650	609,933	135,717
	Total Operating Costs	7,960,571	(13,663)	7,946,908	7,483,067	463,841
	Capital Expenditure					
10	Capital Grants & Transfers	348,586	13,663	362,249	356,409	5,840

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Total Capital Expenditure	348,586	13,663	362,249	356,409	5,840
13	Value Added Tax	162,800	---	162,800	93,664	69,136
	TOTAL EXPENDITURE	8,471,957	---	8,471,957	7,933,140	538,817

PART B: AUDIT FINDINGS

5.4 Backlog RFA and Operating Trust Reconciliation

The Ledger Clerk is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.¹

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.²

The audit noted that the Ministry did not prepare Revolving Fund Account reconciliation for the last quarter of the year. As a result the Ministry did not reconcile the Revolving Fund and Operating Trust Fund general ledger account totalling \$5,748 and \$1,399 as at 31/12/2014.

Failure to reconcile accounting records in a timely manner reflects poor accountability and financial management.

Recommendation

The Ministry should ensure that monthly RFA Reconciliation is prepared in timely manner and variances noted are rectified in a timely manner.

Ministry's Comments

The comment highlighted is duly noted. The Ministry is now working hand in hand with FMIS in terms of correcting and clearing variances passed on from previous years.

5.5 Scholarship Bond Recovery

The Tertiary Scholarships and Loans Decree 2014 established the Tertiary Scholarships and Loans Board for the Administration of Tertiary Scholarships in Fiji effective from 18 December 2013. All administration of Scholarships is to be handled by Tertiary Scholarships and Loans Board from 2014.

The audit noted that the Ministry of *i*-Taukei Affairs in consultation with the Ministry of Finance receipted a total of \$169,295³ as Bond recoveries from bond absconders of which \$103,938⁴ were received in previous years but kept in trust by the Ministry and the remaining \$65,357 were received in 2014. Refer Table 5.3 for general ledger record of the credited revenue account.

¹ Ministry of *i*-Taukei Affairs, Finance Manual 2011 – Part 13

² Ministry of *i*-Taukei Affairs, Finance Manual 2011 – Section 13.3.3 and 13.3.5

³ FMIS general ledger allocation – 1-05101-05101-391206- Pay-Loan FAB

⁴ FMIS general ledger allocation – 1-05101-05101-895052- *i*-Taukei Affairs – Bond Recovery

Table 5.3: Details of Total Amount of Bond Recovery Recorded in 2014.

Allocation	Account Description	Amount (\$)
1-05101-05101-391206	Pay- Loan FAB	169,295

Audit also noted that a separate Bank account opened by the Ministry of Finance for receipt of Bond recoveries is still being maintained with a balance of \$575,550 as at 31 December 2014.

Since the TSLB is now mandated to administer and maintain records for all scholarships, loans and students bonds agreements, the 2014 receipts should have been paid to them to update their records for the recoveries from bonded students.

Recommendation

The Ministry should be relinquished from all scholarship duties including administering of bond recoveries and maintaining of a Bond recoveries bank account.

Ministry's Comments

Your comment is noted. A letter will be sent to Ministry of Finance requesting the full transfer of Bond recoveries to TELS upon your recommendation.

5.6 Short Notice of Resignation

Officers who have been confirmed to a permanent establishment must, if they wish to resign, give not less than 30 consecutive days' notice of their intention, in order that other arrangements may be made for the filling of their posts. The period of notice of resignation should exclude any annual and long service leave due to an officer before resignation. Unless approved by the Commission, an officer who resigns without giving 30 consecutive days' notice may be required to pay 30 days salary in lieu of notice.⁵

Audit noted that the Deputy Secretary (EDP No. 58852) resigned with immediate effect without paying 30 days salary. Refer Table 5.4 for details.

Table 5.4: Detail of Salary to be recovered

EDP No.	Post	Annual Salary (\$)	Salary to be recovered (\$)
58852	Deputy Secretary	62,979	$62,979/26 = 2,422.27/14 = 173.02 * 30\text{days} = 5,190.58$ Treasury fine – 600.00 Amount owed to government – 5,790.58 Annual leave due – 14.5 $14.5/5 * 7 = 20.3 * 173.02 = 3,512.31$ Total amount owed to government – 5,790.58 – 3,512.31 = 2,278.27

Audit further noted that the officer has not returned the following office items:

- 1 HP laptop computer with carry case;
- 1 iPhone 5;

⁵ General Orders 2011 - Section 214(a)

- Office key;
- Filing cabinet key; and
- Ministry's files.

This indicates that the Ministry did not adhere to the regulation in place when accepting the officer's resignation and thus resulted in the loss of government money and assets.

Recommendation

The Ministry should ensure that the salary is recovered from the officer and all government assets are properly returned.

Ministry's Comment

The Solicitor General's advice dated 05th May, 2015, is that the ministry should take actions to recover the relevant monies owed by the former Deputy Secretary to government [MTA]. The final draft of the Demand letter has been finalised and is awaiting PSTA's endorsement before it is served on resigned officer.

5.7 Revenue not included in Vat Assessment

Subject to the provision of the Value Added Tax (VAT) decree 1991, the tax shall be charged in accordance with the provisions of the decree at the rate of fifteen per cent on the supply (but not including an exempt supply) in Fiji of goods and services, by a registered person in the course or furtherance of a taxable activity carried on by that person, by reference to the value of that supply.⁶

VAT is payable to the Commissioner of Inland Revenue for the supply of all goods and services with the exception of zero rated and exempted supplies. Payments effected by government departments for goods and services are thus subjected to VAT.⁷ Under Section 71 of VAT Decree, penalties can be imposed on incorrect lodgement of VAT.

The Ministry's VAT expenditure totalled \$93,664 against a budget of \$162,800 resulting in a savings of \$69,136 or 42% for the year 2014.

Audit noted that revenue was neither accounted in the VAT returns lodged to Fiji Revenue and Customs Authority (FRCA) for VAT assessment nor recorded in the general ledger VAT account of the Ministry (1-05000-00000-863200).

Failure to account for VAT on revenue implies that the VAT payable to FRCA is understated.

Recommendations

- **The Ministry should ensure that revenue is included in the VAT Return submitted to FRCA for assessment.**
- **The Ministry should ensure that monthly VAT reconciliations are properly checked before payments are made to FRCA.**

⁶ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)

⁷ Finance Circular, 09/95

Ministry's Comment

Your comment is noted. This is one area that we need to strengthen. The Ministry will ensure that this will be calculated and reflected in our August vat assessment which is due this month.

5.8 Backlog of i-Taukei Affairs Board Financial Statements

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 i-Taukei Affairs Board and i-Taukei institutions of that quarter. Each report must detail the progress report on the programmes undertaken for each of the key results areas.⁸

A grant agreement must provide for the organization or person receiving the grant to agree to keep proper files and accounting records in relation to the grant and to make these files and records available upon request by the administering agency or the Auditor-General.⁹

The Ministry paid a total of \$4.1 million in grants to i-Taukei Affairs Board. Even though quarterly reports have been provided by the Board to the Ministry, the accounts of the Board has not been audited for some years. Refer Table 5.5 for some details of the grant in 2014.

Table 5.5: Details of i-Taukei Affairs Board Grant Disbursement

Grant Recipient	Amount (\$)
i-Taukei Affairs Board	2,000,000
Provincial Council	1,000,000
Na Mata	50,000
Turaga-ni-Koro Allowance	722,000
Mata ni Tikina Allowance	350,000
Total	4,122,000

The audit noted that the i-Taukei Affairs Board account was not submitted in a timely manner to the Office of the Auditor General for audit. Refer Table 5.6 for details of the delay of the accounts.

Table 5.6: Details of Financial Statements

Year	Grant Amount (\$)	Date Received by Audit
2003	5,653,826	16/12/14
2004	5,377,979	
2005	5,878,258	
2006	14,612,936	08/12/14
2007	14,770,880	22/12/14
2008	14,547,214	Yet to be submitted
2009	15,751,046	
2010	16,448,918	
2011	14,612,936	
2012	13,393,168	
2013	11,938,243	
2014	4,122,000	
Total	137,107,404	

⁸ Grant Agreement between the Fiji Government & the i-Taukei Affairs Board – Section 6.1(a)

⁹ Finance Instruction 2010 – Section 16 (3)

Failure to implement controls indicates a passive role of the Ministry to monitor and account for the yearly budget appropriated and the required services to be delivered.

Recommendation

The Grant Agreement between the Government through the Ministry, and the ITAB can be improved to include the submission of financial statements and annual reports as one of the deliverables in order to get the submission of financial statements up to par.

Ministry's Comment

The Ministry has always complied with the Check list set out by Ministry of Finance and one of the required documents is the Acquittals. The four (4) acquittals received for the 4 quarters in 2014 were received, verified and submitted to Ministry of Finance.

MOF will only release approval of RIE if everything is in order i.e. all documents required are submitted.

5.9 Anomalies in the Reorganization

The Permanent Secretaries and Head of Departments may liaise with respective desk officers in the Management Improvement Division of Public Service Commission for any assistance in regards to the formulation of management/individual work plans and review of position descriptions.¹⁰

In 2014 the function of the Scholarship Unit was relocated from the Ministry to the Tertiary Scholarship and Loans Board (TLSB). The twenty (20) staffs of the former Scholarship Unit remained with the Ministry. The Prime Minister/Minister of iTaukei Affairs approved on 19/02/14 for the Ministry to be reorganized. From the reorganization, the former Scholarship Unit was renamed to Productivity, Reform and Training. An administrative officer post, executive officer post and a clerk post was traded off to create a Director position to oversee the Corporate Services Division. Out of the twenty posts, eighteen (18) were remained.

Audit noted the following anomalies with regards to the reorganization of the Ministry. Refer Table 5.7 for details.

Table 5.7: Anomalies noted after Reorganization

Anomaly	Posts/ Units Affected	Audit Remarks
No monthly report of each unit under the Corporate Service Division	Finance and Accounts Unit, Productivity & Reform Unit, Training & Research Unit, Management Information system Unit, Monitoring and Executive Support Unit,	The units did not submit a monthly report on the progress of implementation of the Unit's plan, highlighting (%) of achievements, milestones and challenges faced.
There are insufficient duties for the following posts	<u>Human Resource Division</u> 1. Clerical Officer Leave, Human Resources & Asset Management 2. Clerical Officer Establishment, Human Resources & Asset	The clerical officer (leave) role is the management of leave for all staffs which manage the post advertisement and person to post list update. The clerical officer (establishment) role is the management of staff establishment which manages the record of new, temporary and project appointment, promotions, transfers, contract, termination

¹⁰ Public Service Commission Circular 2 of 2001 dated 12/01/01 – Preparation & Formulation of MP & IWP

Anomaly	Posts/ Units Affected	Audit Remarks
	Management	and internal postings.
	3. Clerical Officer AMU, Human Resources & Asset Management	The clerical officer (Assets Management Unit) role are maintaining and safekeeping of essential registry records, periodically updates of records, register all incoming and outgoing correspondence, provide file references and monitor movements of files.
	<u>Productivity Reform Unit</u>	The Productivity Unit consist of four officers with only three roles.
	4. One Senior Administrative Officer Productivity & Reform	The first role is to facilitate and coordinate improvement and marketing process to enhance productivity within the Ministry. This consist of carrying out Service Excellence Initiatives (SEA), office layout, corporate & sports uniform, energy.
	5. Clerical Officer Productivity & Innovative	The second role is to be the secretariat of the Ministry Disciplinary Board however the audit noted that there was no Board meeting during the year.
	6. Clerical Officer Wellness, Productivity & Innovative	
	7. Clerical Officer Quality Circle, Productivity & Innovative.	The third role is to monitor compliance of OHS and energy efficiency policies which consist of four OHS training, one first aid training, one fire drill evacuation and one medical check for the year.
	<u>Productivity Reform Unit</u>	
	8. Administrative Officer Productivity & Innovative	The officer has five roles which consist of service excellence facilitation, quality circle (plan for improvement of strategies in place), analyse customer complaints, Administrative support to Director Corporate Service (meetings with SEA Champion from the four Division), and Supervision of three clerical officer and one executive officer.
	<u>Monitoring and Executive Services Unit</u>	
	9. Administrative Officer Monitoring & Impact Assessment	The roles of the two post consist of five roles which includes the establishment of the i-Taukei Road show (oversee the road show programs including media coverage align with current legal instruction & policies in place), capturing Ministry advocacy programs such as Government Service Exhibitions, facilitate media coverage (publication, coverage in social media such the internet site), secretariat to the media and website committee, events co-ordinator of road show.
	10. Clerical Officer Monitoring & Impact Assessment.	

Audit further noted that according to the 2014 annual corporate plan of the Ministry, Output 4 – education & training – scholarship is no longer an output of the Ministry.

The above findings indicate that the Ministry maybe overstaffed and staffs are being employed with fewer duties.

Recommendations

- **The Ministry needs to review the reorganization that was done and assess whether it was properly done.**
- **Important areas of need to be in line with its core functions are identified and human resources are concentrated in these areas.**

- **Posts that are not in line with the core functions of the Ministry requiring staffs to perform fewer duties need to be realigned.**

Ministry's Comments

<i>Anomaly</i>	<i>Posts/Units affected</i>	<i>Remarks</i>	<i>CSD response</i>
<i>No monthly report of each Unit</i>	<ul style="list-style-type: none"> • <i>Policy, Industrial Relations</i> • <i>Training & Research</i> • <i>Productivity & Innovative</i> • <i>Monitoring & Impact Assessment</i> 	<i>The Units did not submit monthly report on the progress of implementation of the Unit's plan, highlighting (%) of achievements, milestone and challenges faced as required in the Post Description of the Unit heads.</i>	<i>The Units reports are included in the Corporate Services Divisions monthly report. The monthly report template is derived from the Business Plan and has been agreed by the Management and used by all Divisions.</i>
<i>There is a lack of duties for the following posts</i>	<ol style="list-style-type: none"> <i>1. Senior Administrative Officer Productivity & Reforms</i> <i>2. Administrative Officer Productivity & Innovative</i> <i>3. Administrative Officer Monitoring & Impact Assessment</i> <i>4. Clerical Officer Leave Human Resources & Asset Management</i> <i>5. Clerical Officer Establishment, Human Resources & Asset</i> <i>6. Clerical Officer AMU, Human Resources & Asset</i> <i>7. Clerical Officer Productivity & Innovative</i> <i>8. Clerical officer Wellness, Productivity & Innovative</i> <i>9. Clerical Officer Quality Circle, Productivity & Innovative</i> <i>10. Clerical Officer Monitoring & Impact Assessment</i> 		<p><i>Based on the queried positions. These are all 2015 revised structure and positions.</i></p> <p><i>All positions contained sufficient number of principal accountabilities in their respective Position Description.</i></p>

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 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, permit, 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 2014 financial statement of the Ministry of Defence, National Security and Immigration resulted in the issue of an unqualified audit report.

6.2 Statement of Receipts and Expenditure

The Ministry collected revenue amounting to \$10,170,183 and incurred expenditure totalling \$7,369,525 in 2014. Refer Table 6.1 for details.

Table 6.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue	10,118,787	9,694,175
Agency Revenue	51,396	24,421
TOTAL REVENUE	10,170,183	9,718,596
EXPENDITURE		
Operating		
Established Staff	3,531,603	2,704,768
Government Wage Earners	245,411	258,919
Travel and Communications	408,247	243,705
Maintenance and Operations	625,649	464,224
Purchase of Goods and Services	1,178,012	712,245
Operating Grants and Transfers	29,934	25,555
Special Expenditures	344,362	307,654
Total Operating Expenditure	6,363,218	4,717,070
Capital Expenditure		
Capital Construction	626,851	199,685
Capital Purchases	---	705,397
Total Capital Expenditure	626,851	905,082
Value Added Tax	379,456	349,784
TOTAL EXPENDITURE	7,369,525	5,971,936

Total revenue increased by \$451,587 or 5% in 2014 compared to 2013. The increase is attributed to the increase in demand for Fiji passports.

Total expenditure increased by \$1,397,589 or 23% in 2014 compared to 2013. This was mainly due to the completion of the national war memorial and war museum and purchase of existing building to serve as a Detention Centre for Department of Immigration.

6.3 Appropriation Statement

The Ministry incurred expenditures totalling \$7,369,525 against the revised budget of \$7,989,199 resulting in a savings of \$619,674 or 8%. Details of expenditures against the budget estimates are provided in Table 6.2.

Table 6.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	4,229,900	(673,100)	3,556,800	3,531,603	25,197
2	Government Wage Earners	234,856	21,263	256,119	245,411	10,708
3	Travel & Communications	190,300	218,809	409,109	408,247	862
4	Maintenance & Operations	400,837	226,615	627,452	625,649	1,803
5	Purchase of Goods & Services	977,775	200,856	1,178,631	1,178,012	619
6	Operating Grants & Transfers	34,200	---	34,200	29,934	4,266
7	Special Expenditures	344,061	5,557	349,618	344,362	5,256
	Total Operating Costs	6,411,929	---	6,411,929	6,363,218	48,711
	Capital Expenditure					
8	Construction	1,122,670	---	1,122,670	626,851	495,819
9	Purchase	---	---	---	---	---

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Total Capital Expenditure	1,122,670	---	1,122,670	626,851	495,819
13	Value Added Tax	454,600	---	454,600	379,456	75,144
	TOTAL EXPENDITURE	7,989,199	---	7,989,199	7,369,525	619,674

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 31/12/14.

Table 6.3: Trust Account Statement of Receipts & Payments for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
Immigration Bond Received	6,475,962	4,877,245
TOTAL RECEIPTS	6,475,962	4,877,245
PAYMENTS		
Immigration Bond Payment	3,093,201	2,204,760
TOTAL PAYMENTS	3,093,201	2,204,760
Net Surplus	3,382,761	2,672,485
Opening Balance as at 1 January	10,665,587	7,993,102
Closing Balance as at 31 December	14,048,348	10,665,587

Net surplus increased by \$710,276 or 27% in 2014 compared to 2013 as a result of increase in bond receipts during the year.

PART B: AUDIT FINDINGS

6.5 Main Trust Fund Account - Bond

Each month, the trust 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.¹ 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.² The Department of Immigration Finance Manual state that the bank reconciliation statement should reconcile the cash book, general ledger and bank closing balance.³

The Senior Accounts Officer must verify balances in the bank reconciliation to the cash book, bank statements, un-presented cheque list and the previous month's bank reconciliation before certifying it.⁴

The audit noted that the Department of Immigration trust fund cash at bank account maintained at Westpac Bank Corporation did not reconcile to the general ledger balance. A variance of \$106,849 exists between the Department of Immigration Bond trust fund cash at bank recorded in the general

¹ Finance Instruction 2010 – Section 58 (3)

² Finance Instruction 2010 – Section 32 (6)

³ Department of Immigration Finance Manual 2013 – Schedule 2 (Bank Reconciliation format) of Part 7 – Cash management

⁴ Department of Immigration Finance Manual 2013 – Section 7.4.11 - Cash Management

ledger (\$14,048,348) and the Department of Immigration Bond bank balance (\$14,155,197) contrary to section 32(6) of Finance Instructions 2010. Refer Table 6.4 for details.

Table 6.4: Variance in Trust Fund Cash at Bank Balances

Description	Amount (\$)
Cash at bank balance as per general ledger (FMIS)	14,048,348
Cash at bank balance as per bank confirmation	14,155,197
Variance	106,849

The audit further noted that the reconciliation was not endorsed and verified by the Senior Accounts Officer for its correctness.

The bank reconciliation is a vital internal control mechanism that acts as a checking tool in an accounting function. Failure to correctly prepare the reconciliations increases the risk of manipulation of records in this account area which needs the vigorous attention of the management of the Ministry.

Failure to prepare the proper bank reconciliation could lead to fraud and misuse of public funds.

Recommendation

The Senior Accounts Officer must ensure that all Trust Fund records reconcile at year end are correctly prepared, checked and verified. Any variances noted are to be investigated and rectify accordingly.

Department's Comment

Recommendation is noted.

There was a difference between the bank balance and GL report due to the misposting of bond amount which was rectified and corrected in the following month.

6.6 Un-reconciled Drawings Account

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.⁵ The Accounting Head must make all attempts to issue stop notices for all cheques that have remained un-presented for more than 6 months. 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. If cheques continue to remain un-presented for a period of not more than 12 months, stop notice action shall be waived and action should be taken to clear them.⁶

EFT was recommended to be used by government ministries and departments to reduce un-presented cheques at year end, reduce the risk of stale and lost cheques, save time, cost and human effort for the government to make payments and deposit to the bank and record keeping.

The agencies are required to formulate appropriate processes and procedures to ensure the efficient

⁵ Finance Instruction 2010 – Section 32(6)

⁶ Finance Instruction 2010 – Section 33 (2) - (4)

and effective use of the EFT. The agencies Head of Sections are required to put in place internal control measures to safeguard the processes and procedures of EFT as stipulated under section 59 - (1) of the Finance Instructions.⁷

The following anomalies were noted for the drawings accounts for the two Departments:

- A variance of \$51,903 and \$9,682 was noted between the general ledger (FMIS) and the Department's records. Refer Table 6.5 for details.

Table 6.5: Variance in Drawings Account

Department	Defence	Immigration
Details	Amount (\$)	Amount (\$)
General Ledger (FMIS) balance	50,628	559,282
Department's Reconciliation/Board of Survey balance	102,531	568,964
Variance	51,903	9,682

- Un-presented cheque listing consists of stale cheques totaling \$25,241 was not journalized at the end of the year for Defence. Refer Table 6.6 for details.

Table 6.6: Detail of Defence stale cheques not journalized

Cheque No.	Date	Amount (\$)
481	14-03-14	5,000
735	30-06-14	5,200
736	30-06-14	774
737	30-06-14	4,315
738	30-06-14	2,012
739	30-06-14	690
740	30-06-14	6,250
741	30-06-14	1,000
Total		25,241

- Audit noted that the Department's un-presented cheques listing as at 31/12/14 include payments made through the Electronic Fund Transfer (EFT) totalling \$32,162.

The above indicates the lack of adequate internal control and timely supervision to ensure clearance of stale cheques, errors and identified variances in a timely manner.

Recommendations

- **Adequate internal controls and supervisory checks should be strengthened in the Accounts Section to ensure clearance of variances, stale cheques and errors in a timely manner.**
- **The Department of Defence should ensure that the required correct information for EFT payments are given to the bank to avoid accumulation of EFT payments in Un-presented cheques list at year end.**

⁷ Electronic Money Transfer Policy 2011 - Section 5.6, 5.7

Department's Comment***Defense:***

We acknowledge the comments above. For the year 2014 the Ministry is in line with the Ministry of Finance circular for adopting the new format for drawings. As at 31st 2014 the drawings account shows a variance as highlighted above, this variance contribute the journals that are in AP not in GL. It was brought up for write-off at the end of the year but due to no funds therefore still showing that balance. The foreign cheque is the one that do not have a mark-off in the UP list. There were instances that the bank must have credited into another ministry's drawings account. The EFT listed is those that we have confirmed with the vendors they have received the payment but the bank is still yet to update into our Bank Statement.

Immigration:

Recommendation is noted

The cheques in question were issued in January and were presented in the bank February and our reconciliation of February shows that those cheques had been cleared. Somehow, due to a technical error with FMIS the same batched appeared again in May and queries sent to FMIS was answered with system error.

6.7 Loss of Money and Unsubstantiated Write offs

Subject to this or any other Act, the Minister of Finance may write off losses in respect of public money, state assets and agency assets.⁸ The Finance Instructions may require each budget sector agency:

- (a) To undertake appropriate recovery action for losses;
- (b) To maintain a register of losses containing the details required to be recorded by the Finance Instructions; and
- (c) To include details about losses and recovery action in the audited financial statements to be included in the agency's annual report.⁹

Liabilities are amounts owed by Government to creditors and should be paid and not written off.

Each agency must have in place a cost effective system of internal controls which safeguards money and property against loss and avoids or detects accounting errors.¹⁰ The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.¹¹

The Department of Defence recorded loss of money totalling \$10,257 in the agency financial statement submitted to audit. The audit could not substantiate the actual amount of loss due to fraud allegation as all revenue records pertaining to loss are in the custody of Criminal Investigation Department of the Fiji Police Force for investigation.

In addition to the \$1,756,941 trust fund cash approve write-offs by Minister of Finance, liabilities totalling \$1,217,908 recorded in the general ledger system were also written-off by Ministry of Finance without any supporting documents to justify the reason for write offs.

⁸ Financial Management Act 2004 – section 34(1)(a)

⁹ Financial Management Act 2004 – section 35

¹⁰ Finance Instruction 2010 – Section 59 (1)

¹¹ Finance Instruction 2010 – Section 59 (2)

As a result the audit was not able to ascertain the accuracy of the write-offs in the general ledger system and the loss reported in the Statement of Loss.

Recommendations

- **The Ministry should review the internal controls weaknesses pertaining to revenue and implement cost effective system of internal controls which safeguards money against loss.**
- **The Ministry should ensure that all write offs are properly substantiated with supporting documents to justify the reasons for write offs.**

Department's Comment

Defense

We are now clear ourselves with the procedures for collecting revenue. Internal control has been put in place to prevent any fraud in the future. The loss was due to fraud allegation. The matter reported to Ministry of Finance where they did their special investigation and then they handed over to the Fiji Police Force with all the supporting documents.

Immigration:

Your comment is acknowledged.

The accumulated balance was from previous years and Ministry of Finance has approved the above write off. .

DEPARTMENT OF DEFENCE

6.8 Payments made after the Cut-off Date - Advance Payments

The Assistant Accounts Officer [Payments] preparing a payment voucher must ensure that all information required under Finance Instruction 14-(1) has been included on the payment voucher or attached to it, before passing it to the Accounts officer for certification.¹²

The Accounts Officer must not certify a payment as correct unless they are satisfied that it is in accordance with an LPO, indent, contract, invoice or other authorisation and there is documentation that the goods, services or works have been received.¹³

The issuing of Purchase Orders is to be reduced to essential items only by 05/12/2014.¹⁴ Thereafter, any issue of Local Purchase Order should be approved by the Permanent Secretary of the Agencies and confined to essential goods and services only (such as fuel and oil, rations, emergency hospital requirements, hiring of boats and vessels in exceptional circumstances, etc.). The FMIS will be programmed to only accept the Accounting Head and the Permanent Secretary as the active approver online, provided that all outstanding LPO's and vouchers are cleared from the FMIS.¹⁵

¹² Ministry of Defence Finance Manual 2014, Part 2 Expenditure, Section 2.8.1

¹³ Ministry of Defence Finance Manual 2014, Part 2 Expenditure, Section 2.8.2 (i) and (ii)

¹⁴ Ministry of Finance Circular- Circular No. 20/2014, Objective 7.1.2

¹⁵ Ministry of Finance Circular- Circular No. 20/2014, Objective 7.1.3

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 LPO's are prepared and approved by 05/12/14 and that all payments are made by 31/12/14.¹⁶

Audit noted the following anomalies as identified below:

- The Ministry purchased numerous items after the closure of the cut-off date for issue of Local Purchase Orders;
- Absence of local purchase orders, invoices, competitive quotes; and
- Payment made before goods were received and services performed by the supplier. Refer Table 6.7 for payment details.

Table 6.7: Details of Advance Payments

Date	Cheque No.	Details	Total Amount ¹⁷ (\$)	Remarks
31/12/14	1410	Payment for photocopier	7,990	<ul style="list-style-type: none"> • No LPO raised since it was in wish list-purchased after cut-off date for LPO; • No signed delivery docket; • Not recorded in fixed assets register.-item was received in 2015 hence advance payment; • No minutes attached; • No competitive quotes obtained; • No invoice attached.
24/12/14	1367	Payment for (2) laptop and (5) desk top	15,412	<ul style="list-style-type: none"> • No signed delivery of receipt items; • Item received on 02/2/15 as per fixed assets register, hence advance payments.
30/12/14	1382	Payment for photocopier for NAD	5,980	<ul style="list-style-type: none"> • No request details; • No LPO, hence utilizing the funds and advance payment since tax invoice is dated 21/01/15 of \$5,980; • No delivery note; • Delivered and recorded in fixed assets register on 22/01/15.
29/12/14	1370	Payment Of Perimeter Fencing	140,400	<ul style="list-style-type: none"> • No certificate of completion for the work done hence advance payment made.
30/12/14	23742	Payment for glass door	35,520	<ul style="list-style-type: none"> • No job completion certificate; • No LPO; • No invoice; • No request letter.
Total			205,302	

As such, the above shows a breach of the instructions in the Ministry's Finance Manual, sections 2.8.1 and 2.8.2 and Finance Circular 20/2014. It also indicates poor procurement planning which could be catalyst to abuse, misappropriation and could result in wastage of taxpayer's funds. Prepayments without contractual agreements are a risk to government as no binding contracts are available to enforce performance or delivery of goods by the vendor.

¹⁶ Ministry of Finance Circular- Circular No. 20/2014, Objective 7.1.4

¹⁷ Vat Inclusive Tax Amount

Recommendations

- The Accounts Officer should ensure cheques are processed and released to the contractor after the successful completion of the work with necessary documentation in place to justify the processing of payments.
- The Accounts Officer should draw proper procurement plans and ensure all procurements are done before closure of Local Purchase Orders to avoid advance payments and extravagant purchases.

Department's Comment

<i>Cheque No. (Date)</i>	<i>Details</i>	<i>Total Amount¹⁸ (\$)</i>	<i>Remarks</i>	<i>Department's Comment</i>
1410 (31/12/14)	Payment for photocopier	7,990	<ul style="list-style-type: none"> • No LPO raised since it was in wish list-purchased after cut-off date for LPO; • No signed delivery docket; • Not recorded in fixed assets register.-item was received in 2015 hence advance payment; • No minutes attached; • No competitive quotes obtained; • No invoice attached. 	<ul style="list-style-type: none"> • We had past the issue of PO cut-off date 05/12/2014. The Ministry had a wish list that was approved by the management to be purchased at the end of the year. In the past experienced the division has an old photocopier which was also purchased from Ricoh. They decided to purchase the same from the company with quotation attached whereby the other two quotations were not provided when requested for obvious reasons.
1367 (24/12/14)	Payment for (2) laptop and (5) desk top	15,412	<ul style="list-style-type: none"> • No signed delivery of receipt items; • Item received on 02/2/15 as per fixed assets register, hence advance payments. 	<ul style="list-style-type: none"> • The Ministry had a consultation with the ITC team in terms of purchasing of Desktops and Laptops for our new officers. This purchasing was to replace the old Desktop that is boarded. Since VT Solutions are the approved supplier for the items, the Ministry issues the PO before the cutoff date and due to the number of PO's from other Government Agencies we are able to receive the item in early 2015. But the payment was made at the end of 2014 as it relates to that accounting period. Item was collected from their office and recorded in the Asset register when it was issued to the responsible officer.
1382 (30/12/14)	Payment for photocopier	5,980	<ul style="list-style-type: none"> • No request details; • No LPO, hence utilizing the 	<ul style="list-style-type: none"> • We had past the issue of PO cut-off date 05/12/2014. The

¹⁸ Vat Inclusive Tax Amount

Cheque No. (Date)	Details	Total Amount¹⁸ (\$)	Remarks	Department's Comment
	for NAD		<p>funds and advance payment since tax invoice is dated 21/01/15 of \$5,980;</p> <ul style="list-style-type: none"> • No delivery note; • Delivered and recorded in fixed assets register on 22/01/15. 	Ministry had a wish list that was approved by the management to be purchased at the end of the year. The payment was cleared for that financial year and item received on 21/01/2015. Item was recorded I n the Fixed Asset Register.
1370 (29/12/14)	Payment Of Perimeter Fencing	140,400	<ul style="list-style-type: none"> • No certificate of completion for the work done hence advance payment made. 	<ul style="list-style-type: none"> • The Ministry had processed the advance payment before the end of the financial year in order to complete the fence in good time and have the National War Memorial secure. The payment was made in line with the approval from the Ministry of Finance based on the RIE submission. • The practical completion certificate was signed off by the Director Building and Government Architects on 06th May 2015 with the following activities were undertaken. <ul style="list-style-type: none"> ➤ Work completed by end of February 2015 ➤ Physical check after completion done on 04th March 2015 ➤ Final check for approval on 05th May 2015.
23742 (30/12/14)	Payment for glass door	35,520	<ul style="list-style-type: none"> • No job completion certificate; • No LPO; • No invoice; • No request letter; 	<ul style="list-style-type: none"> • It was in the fourth quarter that our Management had directed to replace the wooden door with the glass door. As we have passed the cut-off date for PO the Ministry made the payment with three quotations provided. This was also part of the Ministry wish list that was approved by management.
Total		205,302		

6.9 Internal Control Weaknesses for Procurement

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.¹⁹

The Assistant Accounts Officer [Payments] preparing a payment voucher must ensure that all information required under Finance Instruction 14-(1) has been included on the payment voucher or attached to it, before passing it to the Accounts officer for certification.²⁰

The Accounts Officer must not certify a payment as correct unless they are satisfied that it is in accordance with an LPO, indent, contract, invoice or other authorisation and there is documentation that the goods, services or works have been received.²¹

Audit noted the following anomalies as identified below;

- Absence of local purchase orders, invoices, competitive quotes and other supporting documents to justify the payments made; and
- Funds release to other government agency was not properly acquitted. Refer Table 6.8 for payment details.

Table 6.8: Procurement Anomalies

Date	Cheque No.	Details	Total Amount ²² (\$)	Remarks
26/6/14	23080	Payment for fire alarm system at new wing	24,264	<ul style="list-style-type: none"> • Unsigned Quotation; • No invoice; • No LPO; • No job completion certificate.
27/6/14	727	Payment for purchase of fire monitoring equipment	5,941	<ul style="list-style-type: none"> • No invoice; • No LPO; • No job certification letter.
26/6/14	722	Communication bills	7,037	<ul style="list-style-type: none"> • Incorrect posting, should be charged to SEG 3 (Telecommunications).
27/06/14	23082	Purchase of computer	8,632	<ul style="list-style-type: none"> • No LPO.
4/11/14	1151	Payment for remembrance day	34,470	<ul style="list-style-type: none"> • No acquittals for \$26,789 which includes the following areas – <ul style="list-style-type: none"> - Taveuni \$2,724 - Western \$11,791 - Bua \$2,880 - Naitasiri \$2,500 - Macuata \$6,894.
30/10/14	1018	Payment for Fiji day northern division	12,413	<ul style="list-style-type: none"> • No acquittals.
6/10/14	23404	Payment for funds for Fiji day cocktail	15,000	<ul style="list-style-type: none"> • Acquittals provided, however audit noted that 3 quotations were not obtained for catering, expenses exceeded the allocated budget; • The budget provided does not include 3 quotations on which payment has been made; • Extravagant cost and no quotations of printing 500 cards for \$5,000, 12 umbrellas

¹⁹ Ministry of Defence Finance Manual 2014, Part 2 Expenditure – Introductory Statement

²⁰ Ministry of Defence Finance Manual 2014, Part 2 Expenditure, Section 2.8.1

²¹ Ministry of Defence Finance Manual 2014, Part 2 Expenditure, Section 2.8.2 (i) & (ii)

²² Vat Inclusive Tax Amount

Date	Cheque No.	Details	Total Amount ²² (\$)	Remarks
				for \$200, for catering services, and expensive wines/alcohol as per budget-wastage of tax payers money.
6/10/14	1030	Payments of fund for Fiji day- Levuka	9,462	• No acquittals provided.
7/10/14	1030	Payment for Fiji day western division	12,000	• No acquittals submitted.
7/10/14	1029	Payment for Fiji day celebration	20,000	• Acquittals provided by RFMF for the funds requested for however budget does not match the actual payments done; • Inadequate supporting invoices.
3/10/14	23402	Payment for fund of GOLAN	16,875	• Acquittals by Sports Council includes total invoice of \$14,795 from various vendors, however the sports council itself did not issue invoice of \$2,080. Instead booking quotation was attached during claim.
Total			166,094	

Processing payments without proper documentation increases the risk of double, unauthorized and fraudulent payments which allows room for corrupt practices. Also In the absence of records and supporting documents, transactions recorded in the general ledger are unauthenticated.

Recommendations

- **The Accounts Officer should strengthen internal control for payments and ensure proper checking is done to avoid the above anomalies.**
- **The Accounts Officer should ensure that acquittals are obtained with appropriate documentations and evidences to support payment vouchers.**

Department's Comments

Cheque No. (Date)	Details	Total Amount ²³	Remarks	Comments By Defence
23080 (26/06/14)	Payment for fire alarm system at new wing	24,264	<ul style="list-style-type: none"> • Unsigned quotation; • No invoice; • No LPO; • No job completion certificate. 	<ul style="list-style-type: none"> • In the mid of 2014 circular received from Ministry of Finance that the commitment of Operating Expenditure to be 60%. During that time it was highlighted that the Ministry should install the fire alarm system in terms of emergency. The payment was processed based on the request and it was receipted accordingly.
727 (27/06/14)	Payment for purchase of fire monitoring equipment	5,941	<ul style="list-style-type: none"> • No invoice; • No LPO; • No job certification letter. 	<ul style="list-style-type: none"> • As stated in the comment above.
722 (26/06/14)	Communication bills	7,037	<ul style="list-style-type: none"> • Misposting, should be charged to Seg 3 (Telecommunicati 	<ul style="list-style-type: none"> • The officer responsible was informed and the way forward for us is to make sure that payment as such is to be committed from the relevant vote.

²³ Vat Inclusive Tax Amount

Cheque No. (Date)	Details	Total Amount²³	Remarks	Comments By Defence
			ons)	
23082 (27/06/14)	Purchase of computer	8,632	<ul style="list-style-type: none"> • No LPO 	<ul style="list-style-type: none"> • Payment processed as per management approval and the urgency needed for the delivery of wok within the Ministry.
1151 (04/11/14)	Payment for remembrance day	34,470	<ul style="list-style-type: none"> • No acquittals for \$26,789 which includes for the following areas <ul style="list-style-type: none"> - Taveuni \$2,724 - Western \$11,791 - Bua \$2,880 - Macuata \$6,894 	<ul style="list-style-type: none"> • The Ministry coordinates and disburses funds for the Fiji Day and Remembrance Day Programmes nationwide. The celebration in the Labasa, Lautoka, and Central Divisions are coordinated by the respective Divisional Commissioners and also handles the funds allocated to them. • In this regard, the acquittals are expected to be sent back to the Ministry. We have also liaised with the Senior Accounts Officer at the Ministry of Rural & Maritime to follow up on the pending acquittals. This has been a recurring problem despite reminders issued to the agencies concerned for both the Events. • The Ministry will now maintain its standpoint that NO other funding will be disbursed for similar events if the acquittals for the previous year are not provided on time within the financial year.
1018 (30/10/14)	Payment for Fiji day northern division	12,413	<ul style="list-style-type: none"> • No acquittals 	
23404 (06/10/14)	Payment for funds for Fiji day cocktail	15,000	<ul style="list-style-type: none"> • Acquittals provided, however audit noted that 3 quotations were not obtained for catering, expenses exceeded the allocated budget. • The budget provided does not include 3 quotations on which payment has been made. • No quotations of printing 500 cards for \$5,000, 12 umbrellas for \$200, for catering services. 	<ul style="list-style-type: none"> • The Ministry coordinates and disburses funds for the Fiji Day and Remembrance Day Programmes nationwide including the Government agencies that assist in the execution of the programmes. In this instance, the initial budget proposal for Fiji Day cocktail put forward by the Office of the President was \$26,711.70. However with the limited budget available, the representative from Government House indicated that the Ministry could at least consider providing half of that amount, hence the processing of \$15,000.00. The disbursement of funds to Government agencies is in order and it is logical that relevant accounting procedures will be strictly adhered to in line with the provisions of the Financial Instructions and Financial Manuals. In this instance the need to acquire the three quotations is the responsibility of the Accounts Section Office of the President. • The idea of hosting the Fiji Day Cocktail is normally hosted by His Excellency the President every year. As representatives of their respective Countries, the Diplomatic Corp are invited to be part of the celebration and commemorate Fiji's National Day. This reciprocal function is normally held at Government House or at Borron House.

Cheque No. (Date)	Details	Total Amount²³	Remarks	Comments By Defence
				<ul style="list-style-type: none"> The Ministry will raise the current Audit Findings with the Accounts Section through the Official Secretary at the Office of the President and ensure that proper processes are followed in line with the Accounting guidelines.
1030 (06/10/14)	Payments of fund for Fiji day-Levuka	9,462	No acquittals provided	Acquittals of the amount stated was submitted by Commissioner Eastern's Office vide Memorandum dated 21/10/14 and ref: CED10/27 to the Ministry of Defense in 2014.
1030 (07/10/14)	Payment for Fiji day western division	12,000	No acquittals submitted.	<ul style="list-style-type: none"> The Ministry coordinates and disburses funds for the Fiji Day and Remembrance Day Programmes nationwide. The celebration in the Labasa, Lautoka, and Central Divisions are coordinated by the respective Divisional Commissioners and also handles the funds allocated to them. In this regard, the acquittals are expected to be sent back to the Ministry but in some instances the respective agencies credit the Ministry's IDC and send in the "Form S" to formalize the positing made.
1029 (07/10/14)	Payment for Fiji day celebration	20,000	<ul style="list-style-type: none"> Acquittals provided by RFMF for the funds requested for however budget does not match the actual payments done. Inadequate supporting invoices. 	<ul style="list-style-type: none"> The Ministry coordinates and disburses funds for the Fiji Day and Remembrance Day Programmes nationwide including the Government agencies that assist in the execution of the programmes. For this particular request, the Ministry disbursed funds in line with the budget submitted by the Commander, RFMF. The Ministry will raise the current Audit Findings with the Accounts Section through the Commander of the Republic Fiji Military Forces and ensure that proper processes are followed in line with the Accounting guidelines.
23402 (03/10/14)	Payment for fund of GOLAN	16,875	<ul style="list-style-type: none"> Acquittals includes total invoice of \$14,795 from various vendors, however the sports council itself did not issue invoice of \$2,080. Instead Booking quotation was attached during claim. 	<ul style="list-style-type: none"> The coordination of the National Thanksgiving Service for the safe release of the forty five (45) Fijian Peacekeepers serving with UNDOF was conducted on a Sunday (14/09/14) morning on the directive of the Prime Minister. This is in relation to the proposal to organize a National Thanksgiving Service to be held on Tuesday 16th September 2014. In view of time limitations, the Fiji Sports Council was requested to assist with the following services with no funds allocated upfront: <ul style="list-style-type: none"> Booking of the ANZ Stadium; Arrange for the additional structures as the main stage & marquee; Decoration of the structures; Provision of Sound System for the

<i>Cheque No. (Date)</i>	<i>Details</i>	<i>Total Amount²³</i>	<i>Remarks</i>	<i>Comments By Defence</i>
				<p>programme;</p> <ul style="list-style-type: none"> ○ Refreshments for the invited guests school children, choir and members of the public (coordination with MinDef); ○ Live streaming of the programme to enable troops in Golan witness the event. <ul style="list-style-type: none"> • At the conclusion of the programme, the Ministry officials had checked the documents with an official from the Fiji Sports Council in order to clear the Accounts. In the process, the officer was requested to provide relevant documents to validate the claim from the Fiji Sports Council in line with the set processes of Government. • For future reference, the Ministry will abide by the accounting requirements and ensure that such administrative blunder is minimized.
TOTAL		166,094		

DEPARTMENT OF IMMIGRATION

6.10 Payroll Overpayments

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.²⁴ Where it becomes necessary to hold, cease or reverse an employee's salary, the Accounts Officer must immediately advise the Ministry of Finance in writing.²⁵

Officers serving on contract should, if they wish to resign before the normal term of their contract, give such notice as is required by the terms of their contract.²⁶

The officer may terminate this agreement by giving not less than 30 days' notice in writing of the date upon which he/she proposes to terminate the Contract or at any time by paying to the Government 30 days' salary in lieu of the aforesaid notice.²⁷

Review of the payroll records revealed the following anomalies;

- The audit noted that a re-engaged officer (EDP No. 62959) continued to receive salaries after the officer tender his resignation effective on 01/09/14. The officer continued to be paid salaries to 09/09/14 resulting in an overpayment of \$3,275.58. The audit further noted that the officer failed to give 30 days' notice and did not pay 30 days' salary in lieu of the aforesaid

²⁴ Finance Instruction 2010 – Section 17(1)

²⁵ Department of Immigration Finance Manual 2012 - Section 4.10.1

²⁶ General Order 214 (a)

²⁷ Conditions under which the Officer may determine or terminate the contract agreement – standard contract for established staff

notice. The audit further established that the officer has paid \$1,300 and balance of \$1,975.58 is yet to be recovered from the officer.

- The officer (EDP 92593) was overpaid \$650 during the period of acting appointment. The officer was appointed to act as Assistant Accounts Officer from 08/08/14 to 07/11/14 and re-graded from clerical officer to Immigration Inspector effective on 22/09/14 at the existing salary thus allowing the officer to receive the acting allowance of \$975 from pay 16 to pay 19. The audit noted that the officer was paid \$1,625.84, thus the overpayment of \$650.

Non-timely cessation of salary indicates inadequate controls over payroll. As such the overpayment accumulates resulting in loss of taxpayers' funds.

Recommendation

The Senior Accounts Officer should ensure that salaries of the officers leaving the public service are ceased on time and implement proper and stringent internal control such as supervisory checks to avoid overpayments.

Management Comments

Your comments is noted, EDP No. 62959 had paid \$1,300 and has a balance of \$1,975.58 to pay. We have been liaising with Ms Lorima on the payment of the balance of \$1,975.58. However, we welcome the issues raised and are certainly taking stringent measures to avoid overpayment in future.

6.11 Loss of Funds Due to Late Notification to Airline Company

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.²⁸

The Per Diem or daily subsistence allowance payable at U.N rates is meant to be sufficient for officers' sustenance in terms of accommodation, meals and incidentals while on overseas duty travel.²⁹

The audit noted that the Department incurred losses totalling \$2,187 for a cancelled trip for the Principal Assistant Secretary (PAS). The costs include airline ticket and visa costs to enter New Zealand and no reason was provided for cancellation of the trip. Refer Table 6.9 for detail of loss incurred by the Department.

Table 6.9: Loss Incurred in respect of PAS Being Directed Not to Travel Abroad

Date	Cheque No	Amount (\$)	Remarks	Loss (1 officer) (\$)
30/06/14	14240	714	NZ visa for 3 Officers	238
23/07/14	14325	5,070	Air ticket for NZ trip- 3 Officers	1,690
24/07/14	EFT413	777	Air Fare Difference on Issue of Tickets	259
Total		6,561		2,187

Poor planning and communication within the Department has resulted in the cancellation of a trip and corresponding financial losses.

²⁸ Department of Immigration Finance Manual 2012, Part 2

²⁹ Public Service Commission Circular 21/2010

Recommendation

The Department should ensure that proper controls such as proper planning of officers travelling overseas must be strengthened to avoid loss of taxpayers' funds.

Management Comments

Comments is noted, Department had liaised with Travel agent for the refund of the air ticket, but it was too late. Due to the 11th hour instruction, ample time (48 hours) was not given to the airline so they could not refund the Department the air fare because of their policies.

DOI will ensure that proper planning is maintained to avoid loss of taxpayers' funds.

6.12 Provisional Tax not deducted

Any person making payments in terms of a contract for services but not a contract of employment is required under the new Regulations to make deduction for Provisional Tax at 15% of gross amount of the payment at the time it is credited or paid to the contractor.³⁰

Unless a Certificate of Exemption ("exception" as mentioned in Legal Notice) is produced by the contractor, or satisfactory evidence is produced by the contractor that he holds such certificate, provisional tax of the rate of 15% must be deducted from the gross amount at the time of actual payment of the contractual sum.³¹

The Department of Immigration engaged a contractor in 2014 for the renovation of Nadi Office. The audit noted that the Department failed to deduct the provisional tax of 15% from the gross amount as the company failed to submit certificate of exemption. Refer Table 6.10 for details of payments made to the contractor.

Table 6.10: Details of Provisional Tax not withheld

Date	Cheque No.	Amount (\$)	Provisional Tax not Withheld (\$)
08/07/14	14272	6,000	900
22/07/14	14324	15,400	2,310
TOTAL		21,400	3,210

Failure to deduct provisional tax is a breach of income Tax regulation whereby the government is being deprived from needed revenue.

Recommendation

The Senior Accounts Officer should ensure that proper tax deduction is made at source in accordance to Income Tax Regulation before payment is released to contractors who are not exempted from tax.

³⁰ Section 1 B (a) – Legal Notice No. 70 – Income Tax (Collection of Provisional Tax) Regulations, 1976

³¹ Appendix (A) – Legal Notice No. 70 – Income Tax (Collection of Provisional Tax) Regulations, 1976

Management Comments

Comments are noted, it was an oversight on our part, and we will ensure that this will not be repeated in future

6.13 Damage/Loss of Passports and Poor Maintenance/Storage of Records

All Heads of Government bodies, Permanent Secretaries and Heads of Departments are responsible for endorsing the National Record Management Policy and integrating the guiding principles of the said policy within their recordkeeping systems.³² The need to improve record management in all agencies is vital for promoting Good Governance, Transparency and Accountability in the Public Sector.³³

Every employer shall ensure the health and safety at work of all his or her workers.³⁴ Each agency must have in place a cost effective system of internal control which safeguards money and property against loss.³⁵

Passport is a current valid travel document which is issued by or on behalf of the Government of any country, containing a photograph and a personal description of the holder which purport to establish the identity and nationality or citizenship of the holder, or which gives a right of re-entry to that country.³⁶ The Passport officer shall, upon application made to him in the appropriate form, issue to any citizen of Fiji who satisfies such conditions as may be prescribed, a passport in the appropriate form.³⁷

Officers responsible for managing assets, revenue collection or cash 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 recovery measures taken. A copy of the loss report must be submitted to the *Senior Accounts Officer* who shall record details of each loss in the Losses Register.³⁸ A surcharge must be imposed on an officer who is directly or indirectly responsible for the destruction, damage, theft or other loss of property.³⁹

The audit of passports found that damaged passport books and missing blank passport books costs totalled \$28,120 in 2014. A total of 85 passports were damaged and a total of 285 blank passport books are missing.

The audit noted that the damages to passports resulted from machine errors such as printing problems, improper lamination, overheating and inking problems while some were human errors arising from judgemental errors, typing errors, incorrectly placing the passport books in the machine. Table 6.11 shows details of damaged passport books over the 9 year period.

³² Public Service Commission Circular No. 10/2011

³³ Finance Instructions 2010 – Section 59

³⁴ OHS Act 1996 – Part II – Section 9 (1)

³⁵ Finance Instruction 2010 – Section 59 (1) (a)

³⁶ Passports Act [cap 89] Section 2

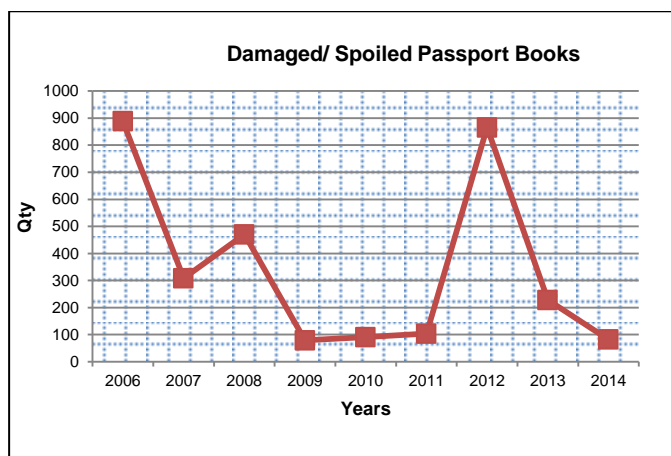
³⁷ Passports Act [cap 89] Section 3 (1)

³⁸ Department of Immigration Finance Manual (2012) – Section 14.1.1, 14.1.2 and 14.1.5

³⁹ Finance Instructions 2010, Section 63 (1) (b)

Table 6.11: Damaged Passport Books From 2006 – 2014

Year	No. of Damaged Passport Books	Amount (\$)	Per cent Change
2006	888	65,712	---
2007	308	22,792	(65)
2008	470	34,780	53
2009	79	5,846	(83)
2010	91	6,734	15
2011	104	7,904	14
2012	865	65,740	732
2013	228	17,328	(74)
2014	85	6,460	(63)
Total	3,118	233,296	



The audit established that loss report was not prepared for damaged books contrary to section 14 of the Finance Manual to instigate recovery of losses in accordance with section 63 (1) (b) of the Finance Instructions.

The audit also noted security failure on the first and second floor rear office entrances of the building. People of different nationalities gain allowable entries easily into the office facilities and at times pass through the conference room and account section where cabinets, files are located along the walkway. Hence there is a high risk of loss of data pertaining to the Integrated Border Management System (IBMS) server in Suva. The matter has been an on-going practice and state resources are prone to theft and misuse especially the safety of data recorded in the IBMS.

There is lack of security in the office in restricting unauthorised entrance from the back door and a general failure to maintain official documents securely and properly indicating the non-recognition of government records as a valuable resource and source of evidence for official transactions.

Apart from the financial costs of damages and loss of blank passport books, information security also faces a very high risk.

Recommendations

- **The Director should urgently strengthened security control access into the Department's operation centre such as Accounts and Administration section to ensure the safety of state resources.**
- **The Manager Passports should ensure efficiency of passport processing, reducing the damages made to passport processing.**
- **The Manager Passports should ensure that loss reports are prepared in accordance with the Finance Manual 2012.**

Management Comment

The amount of damaged passports has reduced. The Department PSIP for 2016 is Passport Issuance System, which will see the removal of Tardis passport printer and installation IBMS printing system. With the introduction of the new IBMS Passport printer the issuance system will be operating on one platform thus, this should help address the high number damage passport.

Currently, the Passport Issuance System runs on two platforms, the IBM System captures all the data whilst the printing of the passport is done by Tardis. The retrieval and uploading of information from one platform to another cause the errors that results in the loss of blank passport books.

DOI will ensure that loss report is prepared for losses incurred.

Section 7 Ministry of Labour, Industrial Relations and Employment

Role and Responsibilities

The core responsibility of the Ministry of Labour is to pursue the attainment of decent work standards under the provisions of Section 20 of the 2013 Constitution. The provision clearly defines the right to fair employment practices, including human treatment and proper working conditions. The responsibilities focuses on the promotion of employment opportunities; development of healthy workers; the provision of healthy and safe working environment; fair working conditions; good faith employment relations and productive workplaces. These responsibilities are achieved by focusing on developing a modern and an enabling policy environment supported by sound labour laws, policies, institutional practices and values, underpinned by tripartite social dialogue. Pursuant to Section 33 of the 2013 Constitution, the Ministry has a central role in fulfilling the right to work and obtain a just minimum wage. Other responsibilities of the Ministry include; non-discrimination of workers through the Equal Employment Opportunity (EEO) principles.

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PART A: FINANCIAL STATEMENT

7.1 Audit Opinion

The audit of the 2014 accounts of the Ministry of Labour, Industrial Relations and Employment resulted in the issue of an unqualified audit report.

7.2 Statement of Receipts and Expenditure

The Ministry of Labour, Industrial Relations and Employment collected revenue totalling \$1,100 and incurred expenditure totalling \$9,983,078 in 2014.

Table 7.1: Statement of Receipts and Expenditure for 2014

Descriptions	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue		
Commission	1,100	333
Total State Revenue	1,100	333
Total Revenue	1,100	333
EXPENDITURE		
Operating Expenditure		
Established Staff	3,663,443	3,028,453
Government Wage Earners	194,183	152,727
Travel & Communications	337,984	286,934
Maintenance & Operations	346,085	346,160
Purchase of Goods & Services	886,506	915,217
Operating Grants & Transfers	27,984	29,193
Special Expenditures	3,756,107	3,077,981
Total Operating Expenditure	9,212,292	7,836,665
Value Added Tax	770,786	656,999
TOTAL EXPENDITURE	9,983,078	8,493,664

The total expenditure increased by \$1,489,414 or 18% in 2014 compared to 2013 mainly due to the Pay rise for all civil servants, Revolutionary Labour Reform and the undertaking of the National Minimum Wages Reform.

7.3 Trust Statement of Receipts and Expenditure

The Ministry of Labour, Industrial Relations and Employment has five trust accounts:

1. Occupational Health and Safety Trust Account (OHS)
2. Child Labour Unit Trust Fund (CLU)
3. Employment Relations Agency Trust Account (ERT)
4. National Employment Centre Trust Fund (NEC)
5. Ministry of Labour Trust Account (WBC)

7.3.1 Occupational Health and Safety Trust Statement of Receipts and Expenditure

The Occupational Health & Safety Trust Account collected revenue totalling \$1,583,962 and incurred expenditure totalling \$1,619,511 in 2014.

Table 7.2: OHS Trust Statement of Receipts and Expenditure for 2014

Descriptions	2014 (\$)	2013 (\$)
RECEIPTS		
OHS Trust Fund	1,583,962	1,372,500
Total Receipts	1,583,962	1,372,500
PAYMENTS		
OHS Trust Fund	1,619,511	972,036
Total Payments	1,619,511	972,036

Descriptions	2014 (\$)	2013 (\$)
Net Surplus	(35,549)	400,464
Balance as at 1 January	4,761,357	4,360,893
Closing Balance as at 31/12/14	4,725,808	4,761,357

The total expenditure increased by \$647,475 or 67% in 2014 compared to 2013 mainly due to the increase in the payment of project officers, and purchase of Toyota Land Cruiser.

7.3.2 Child Labor Trust Statement of Receipts and Expenditure

The Child Labour Unit Trust Account collected revenue totalling \$51,276 and incurred expenditure totalling \$30,399 in 2014.

Table 7.3: CLU Trust Statement of Receipts and Expenditure for 2014

Descriptions	2014 (\$)	2013 (\$)
RECEIPTS		
CLU Trust Fund	51,276	20,010
Total Receipts	51,276	20,010
PAYMENTS		
CLU Trust Fund	30,399	88,293
Total Payments	30,399	88,293
Net Surplus	20,877	(68,283)
Balance as at 1 January	(19,900)	48,383
Closing Balance as at 31/12/14	977	(19,900)

The total expenditure decreased by \$57,894 or 66% in 2014 compared to 2013 mainly due to the decrease in expenses for the operation of the Child Labour Unit within the Ministry.

7.3.3 Employment Relations Trust Statement of Receipts and Expenditure

The Employment Relations Trust Account collected revenue totalling \$148,992 and incurred expenditure totalling \$216,835 in 2014.

Table 7.4: ERT Trust Statement of Receipts and Expenditure for 2014

Descriptions	2014 (\$)	2013 (\$)
RECEIPTS		
ERT Trust Fund	148,992	138,225
Total Receipts	148,992	138,225
PAYMENTS		
ERT Trust Fund	216,835	4,332
Total Payments	216,835	4,332

Descriptions	2014 (\$)	2013 (\$)
Net Surplus	(67,843)	133,893
Balance as at 1 January	175,454	41,561
Closing Balance as at 31/12/14	107,611	175,454

The total expenditure increased by \$212,503 or 4905% in 2014 compared to 2013. Expenses incurred were mainly for Turin training for Labour Compliance officers, overtime for drivers, International Labour Conference in Geneva and upgrade of volunteers & temporary officers.

7.3.4 National Employment Centre Trust Statement of Receipts and Expenditure

The National Employment Centre Trust Account collected revenue totalling \$33,649 and incurred expenditure totalling \$22,958 in 2014.

Table 7.5: NEC Trust Statement of Receipts and Expenditure for 2014

Descriptions	2014 (\$)	2013 (\$)
RECEIPTS		
NEC Trust Fund	33,649	72,267
Total Receipts	33,649	72,267
PAYMENTS		
NEC Trust Fund	22,958	81,364
Total Payments	22,958	81,364
Net Surplus	10,691	(9,097)
Balance as at 1 January	490,784	499,881
Closing Balance as at 31/12/14	501,475	490,784

The total expenditure decreased by \$58,406 or 72% in 2014 compared to 2013. Expenses incurred were mainly related to Inter-Agency workshop and signing of memorandum of understanding.

7.3.5 Ministry of Labour Trust (WBC) Statement of Receipts and Expenditure

This account comprises of Wages Disputes, Workmen's Compensation and OHS Consultancy. The WBC Trust Account collected revenue totalling \$6,039,727 and incurred expenditure totalling \$5,845,683 in 2014.

Table 7.6: WBC Trust Statement of Receipts and Expenditure for 2014

Descriptions	2014 (\$)	2013 (\$)
RECEIPTS		
Workmen's Compensation	3,332,077	2,113,278
Wages Dispute	825,166	578,467
OHS Consultancy	1,882,484	898,060

Descriptions	2014 (\$)	2013 (\$)
Total Receipts	6,039,727	3,589,806
PAYMENTS		
Workmen's Compensation	3,161,788	2,057,196
Wages Dispute	690,059	558,160
OHS Consultancy	1,993,836	500,683
Total Payments	5,845,683	3,116,039
Net Surplus	194,044	473,767
Balance as at 1 January	760,174	286,408
Closing Balance as at 31/12/14	954,218	760,175

The total expenditure increased by \$2,729,644 or 88% in 2014 compared to 2013. Expenses incurred were mainly for workmen's compensation, wages dispute and OHS consultancy:

- Workmen's compensation – compensation that is paid to workmen and their dependents are first placed in the trust account before it is paid to them.
- Wages dispute – has the arrears of wages owed by employers to workmen. These are first placed in the trust account before it is paid out to them.
- OHS consultancy – OHS officers usually carry out overtime for clients. Overtime is paid into the trust account by clients and is later paid out to OHS officers. Also, the project officer's salaries are paid from OHS Trust Account to OHS consultancy from where it is being paid to relevant SEGs.

7.4 Appropriation Statement

The Ministry of Labour, Industrial Relations and Employment incurred expenditure totalling \$9,983,078 in 2014 against the revised budget of \$10,013,561 resulting in a savings of \$30,483 or 0.3%.

Details of expenditures against the budget estimates are provided in Table 7.7.

Table 7.7: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,849,303	(180,970)	3,668,333	3,663,443	4,890
2	Government Wage Earners	194,184	---	194,184	194,183	1
3	Travel & Communications	228,495	111,564	340,059	337,984	2,075
4	Maintenance & Operations	299,300	47,808	347,108	346,085	1,023
5	Purchase of Goods & Services	824,900	63,552	888,452	886,506	1,946
6	Operating Grants & Transfers	55,000	(27,014)	27,986	27,984	2
7	Special Expenditures	3,790,779	(14,940)	3,775,839	3,756,107	19,732
	Total Operating Expenditure	9,241,961	---	9,241,961	9,212,292	29,669
13	Value Added Tax	771,600	---	771,600	770,786	814
	TOTAL EXPENDITURE	10,013,561	---	10,013,561	9,983,078	30,483

PART B: AUDIT FINDINGS

7.5 Arrears of Revenue

The *credit officer* must promptly follow up accounts that fall due. If recovery is unsuccessful after one month, then no further credit shall be extended to the debtor; a demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than one month; 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 *PS (LIR& E)* may approve that the case be referred to the Solicitor General or the Small Claims Tribunal, after considering the cost implications and the probability of recovery. The *PS (LIR& E)* shall take action to write-off irrecoverable debts in accordance with Part 14 of the Manual.²

As at 31/12/14, the Ministry's arrears of revenue amounted to \$30,343 compared to \$46,183 in 2013, a decrease of \$15,840 or 34%. Refer Table 7.8 for details of arrears of revenue for the past three years.

Table 7.8: Arrears of Revenue over the Three Year Period

Year	Amount (\$)	Percent Movement
2012	38,592	---
2013	46,183	20
2014	30,343	(34)

It was noted that 38% of the arrears of revenue are more than 5 years. The Ministry is liaising with Ministry of Finance (Debt Unit) and had drafted a Cabinet Memorandum for the application for write-off for revenue that is more than 5 years totalling \$11,407.42.

Refer Table 7.9 for the ageing of arrears of revenue.

Table 7.9: Ageing of Arrears of Revenue

Debt Category	Amount (\$)
Less than 1 Year	12,116
1 – 2 Years	6,710
2 – 5 Years	110
More than 5 Years	11,407
Total	30,343

The above shows weak measures undertaken to collect these revenue and may become irrecoverable if not collected on a timely basis.

Recommendation

The Head of Accounts should ensure that revenue dues are collected on a timely basis to avoid further accumulation of arrears balance.

¹ Ministry's Finance Manual 2013 – Section 8.2.1

² Ministry's Finance Manual 2013 – Section 8.2.4

Ministry's Comments

Your comments are noted.

The Ministry is liaising with Ministry of Finance (Debt Unit) and a draft Cabinet Memorandum has been prepared for the application for write-off for revenue that is more than 5 years totalling \$11,407.42.

Standard Operating Procedure (SOP) has been prepared accordingly to address the concern of collection of revenue in a timely manner.

Training will be provided for all Ministry Revenue Collectors in June 2015.

SOP has been prepared to address the collection of Arrears of Revenue. Training will be provided in May, 2015.

7.6 Un-reconciled Drawings Account

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.³

Audit noted the following anomalies in respect to drawings account:

- The audit noted a variance of \$62,473 between the general ledger (FMIS) and the Ministry's reconciliation/board of survey for the drawings account. Refer Table 7.10 for details.

Table 7.10: Variance in Drawings Account

Details	Amount (\$)
FMIS	(110,552)
Department's Reconciliation/Board of Survey	(173,025)
Variance	62,473

- The audit noted a variance of \$22,967 between the opening balance (01.01.14) as per Ministry's January reconciliation and the audited closing balance (31.12.13) for drawings account. Refer Table 7.11 for details.

Table 7.11: Variance in Opening and Closing Balance

Details	Amount (\$)
Opening Balance (01.01.14)	(147,153)
Closing Balance (31.12.13)	(170,120)
Variance	22,967

- The audit noted that the Ministry's unrepresented cheque listing consists of EFT payments totalling \$71,673.62 as unrepresented.
- Audit noted that one reconciliation was prepared for the month of January to October instead of the monthly reconciliations.

³ Finance Instruction 2010 – Section 32(6)

- Audit was provided with the unsigned copies of the reconciliation for the month of January to December by Ministry of Finance.
- Audit noted unsubstantiated balance of \$22,967 appearing in January – October and November reconciliation. In December, \$23,539 was written off in order to remove the unsubstantiated balance and bring the department's reconciliation in line with the general ledger (FMIS).

The Ministry could have avoided the above anomalies had they been more vigilant while performing the reconciliations and getting all the errors, omissions and variances adjusted accordingly. Also, the absence of adequate supervisory checks in Accounts Section is a contributing factor to such anomalies.

Recommendations

- **Supervisory controls and checks should be strengthened in the Accounts Section to avoid such discrepancies.**
- **The Accounts Head should ensure that the Ministry's monthly Drawings Account reconciliation reconciles with the FMIS balances and any variances noted should be investigated and adjusted accordingly.**
- **The Ministry should ensure that the drawings reconciliation is prepared on a monthly basis.**

Ministry's Comments

Your comments are noted.

The \$23,539 has accumulated over the years. The Ministry of Finance wrote-off the unsubstantiated figure in 2014.

All of Government is going through the new format of reconciling the Drawings Account as per Ministry of Finance Circular 2/2014.

Ministry of Finance has conducted training in regards to the new format of Drawings Account for the Ministry staff in March 2015. The Ministry will seek the assistance of Ministry of Finance (FMIS) to formulate a Standard Operating Procedure (SOP) according to this new format.

This is to strengthen the supervisory control and checks mechanism to avoid any discrepancies in the future. The Ministry shall adopt your recommendation.

7.7 Vehicle Accident – North Pole Rentals

A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault.⁴ The accident report, Police report (if available), Solicitor General's advice and the Senior Administration Officer's recommendations will all be taken into consideration by the surcharging authority before any surcharge is imposed.⁵ If a surcharge is imposed, the driver shall be informed in writing. The Solicitor General shall also be notified of the surcharge action.⁶

The surcharge amount of 100% recovery of the full cost of repairs or replacement is charged for damage to or loss of government vehicle.¹

⁴ Ministry of Labour, Industrial Relations and Employment Finance Manual 2013- Section 11.6.7

⁵ Ministry of Labour, Industrial Relations and Employment Finance Manual 2013- Section 11.6.8

⁶ Ministry of Labour, Industrial Relations and Employment Finance Manual 2013- Section 11.6.9

The audit noted that an Officer (EDP No: 93161) – Technical Officer (OHS Compliance Service) was not surcharged for motor vehicle accident which occurred on 14/11/2013. The Ministry paid a sum of \$4,500 to North Pole Rentals for the damages to the rented vehicle. Refer Table 7.12 for details.

Table 7.12: Details of Payments of Repair Costs

Date	Cheque Number	Name	Details	Amount (\$)	Remarks
15/01/14	7190	North Pole Rental	Payment for excess damage to the rented vehicle as per the Car Rental Agreement.	4,500	<ul style="list-style-type: none"> – Payment was made to North Pole Rental after persistent request from the company. – Payment was approved by PS and recommendation was made to further investigate the accident for any liable surcharges. – Accident report and related correspondence were sent to Ministry of Finance on 28/02/14. – There was no evidence of follow up by the Corporate Services department on this issue.

The lack of follow up by the Ministry may result in the officer leaving the public service without any surcharge action taken against him.

Recommendation

The Ministry should constantly follow up with Ministry of Finance on the status of the accident report.

Ministry's Comments

We agree with the recommendation and have taken the following action:

The ministry has followed up with Ministry of Finance and Solicitor General's Office.

The report from SG's Office is now with the Director Traffic (memo dated 02/06/14) and the ministry will await further instruction from Ministry of Finance as per the process.

We will continue to follow up with Ministry of Finance to expedite the process.

Section 8

Ministry of Foreign Affairs and International Co-operation

Role and Responsibilities

The role of the Ministry of Foreign Affairs and International Cooperation is to lead the formulation and conduct of Fiji's Foreign Policy and serves as the regular intermediary between the state and foreign countries. This role focuses on the discharging of Fiji's Foreign policy to promote, advance and protect our national interest abroad in all sectors. More precisely this includes:

- Developing and maintaining cordial bilateral relations with many countries as possible, but focusing on those which offer greatest opportunity/advantage, in particular in economic terms {markets, investment, inbound tourism and development assistance}
- Working closely with like-minded countries and also intergovernmental organization in pursuing wider issues which have a national bearing, such as the special need of small island developing states
- Securing maximum benefit at least possible cost from intergovernmental organization, in particular of those Fiji is a member
- Contributing towards a more open world trading system
- Participating in initiative directed at international and regional peace and security
- Accessing skill, technologies and experience relevant to national development
- Providing consular services to Fiji's citizen and intending visitors.

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PART A: FINANCIAL STATEMENT

8.1 Audit Opinion

The audit of the 2014 accounts of the Ministry of Foreign Affairs and International Co-operation resulted in the issue of a qualified audit report.

The board of survey were not carried out for eleven (11) of Fiji Mission overseas from the total of eighteen (18) mission overseas office contrary to section 49 (1) of the Finance Instructions 2010. As such the completeness and accuracy of the statement of losses cannot be ascertained.

8.2 Statement of Receipts and Expenditure

The Ministry collected revenue totalling \$516,322 and incurred expenditure totalling \$39,370,528 in 2014. Refer below for details of revenue collected and expenditure incurred during the year.

Table 8.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue		
Operating Revenue	182,967	30,471
Total State Revenue	182,967	30,471
Agency Revenue		
Miscellaneous Revenue	333,355	429
Total Agency Revenue	333,355	429
TOTAL REVENUE	516,322	30,900
EXPENDITURE		
Operating Expenditure		
Established Staff	11,347,421	9,822,318
Government Wage Earners	3,428,192	2,879,876
Travel & Communications	3,327,378	2,722,716
Maintenance & Operations	9,753,047	9,049,054
Purchase of Goods & Services	591,447	596,106
Operating Grants & Transfers	3,195,835	2,707,793
Special Expenditures	4,778,708	4,417,349
Total Operating Expenditure	36,422,028	32,195,212
Capital Expenditure		
Construction	224,215	145,383
Purchases	222,851	191,171
Total Capital Expenditure	447,066	336,554
Value Added Tax	2,501,434	2,338,378
TOTAL EXPENDITURE	39,370,528	34,870,144

The Ministry's operating revenue increased by \$152,496 in 2014 compared to 2013 due to increase in Over Payment Recovery (OPR) for advances, interests, rent arrears, commission charges for wages and refunds.

The miscellaneous revenue increased by \$332,926 in 2014 compared to 2013. These consist of funds received from Development Partners now received and receipted by the Ministry which used to be collected and receipted by the Aid Unit of the Ministry of Finance (MOF). Much of these increase in 2014 (81%) consisted of donations made by the Embassy of China in Fiji towards the Chinese President visit to Fiji in November of 2014.

8.3 Appropriation Statement

The Ministry incurred expenditure totalling \$39,370,528 in 2014 against the revised budget of \$40,179,721 resulting in a savings of \$809,193 or 2%. Details of expenditure against the budget estimates are provided in Table 8.2 below.

Table 8.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	12,242,911	(930,906)	11,312,005	11,347,421	(35,416)
2	Government Wage Earners	3,531,941	(222,384)	3,309,557	3,428,192	(118,635)
3	Travel & Communications	1,663,564	1,676,313	3,339,877	3,327,378	12,499
4	Maintenance & Operations	10,282,027	(354,219)	9,927,808	9,753,047	174,761
5	Purchase of Goods & Services	700,902	98,714	799,616	591,447	208,169
6	Operating Grants & Transfers	3,344,523	(145,759)	3,198,764	3,195,835	2,929
7	Special Expenditures	5,085,900	(29,998)	5,055,902	4,778,708	277,194
	Total Operating Expenditure	36,851,768	91,761	36,943,529	36,422,028	521,502
	Capital Expenditure					
8	Capital Constructions	300,000	---	300,000	224,215	75,785
9	Capital Purchases	280,953	(29,308)	251,645	222,851	28,794
	Total Capital Expenditure	580,953	(29,308)	551,645	447,066	104,579
13	Value Added Tax	2,747,000	(62,453)	2,684,547	2,501,434	183,113
	TOTAL EXPENDITURE	40,179,721	---	40,179,721	39,370,528	809,193

PART B: AUDIT FINDINGS

8.4 Non-Reconciliation of Overseas Mission Bank Accounts to General Ledger

All bank accounts must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and dated by the responsible officer.¹

The Principal Accountant must verify the balances in the bank reconciliation to the cash book, bank statements, un-presented cheque list and the previous month's bank reconciliation before certifying it.²

The overseas mission's bank accounts facilitate the payment for mission expenditure and the transfer of monies from the consolidated fund account. At the end of the month, the expenditure is journalized to respective budgetary expenditure allocation.

Cash held in in the general ledger system for overseas mission bank accounts as at 31/12/14 totaled \$6,025,668.

Audit noted that upon submission of the bank accounts reconciliation by overseas missions the Principal Accountant failed to reconcile the cash at bank balances reflected in the general ledger to the actual cash held in the mission bank accounts. Irreconcilable difference for overseas mission cash at bank balance totalled \$1,200,023. Refer Table 8.3 below for details of variance.

Table 8.3: Overseas Mission Bank Balance and FMIS

Account Number	Mission	Bank Balance (FJD) (\$)	General Ledger (FMIS) Balance (\$)	Variance (\$)
1-08101-80102-510106	Sydney	465,314	422,813	42,501

¹ Finance Instruction 2010 – Section 32 (6)

² Ministry of Foreign Affairs & International Co-operation Finance Manual 2013 – Section 5.3.10

Account Number	Mission	Bank Balance (FJD) (\$)	General Ledger (FMIS) Balance (\$)	Variance (\$)
1-08103-80101-510107	Canberra	127,137	135,820	(8,682)
1-08101-81001-510202	London	(15,343)	(648)	(14,695)
1-08103-80501-510401	Tokyo	907,039	1,081,674	(174,635)
1-08103-80701-510502	Wellington	195,403	88,515	106,888
1-08103-80201-510504	Beijing	33,992	348,515	(314,523)
1-08103-80301-510601	Brussels	237,803	607,019	(369,216)
Various	UN	178,979	126,552	52,427
1-08103-81102-510802	Washington	548,185	421,545	126,641
1-08103-80407-510808	Geneva	231,418	231,927	(509)
Various	Kuala Lumpur	460,410	449,088	11,322
1-08103-80406-510901	Korea	61,675	175,120	(113,445)
1-08103-80801-510902	PNG	87,213	30,896	56,317
Various	New Delhi	158,425	718,047	(559,622)
1-08103-80402-510905	Indonesia	171,995	334,274	(162,279)
1-08103-80403-510905	Brazil	569,801	785,791	(215,990)
1-08103-80404-510905	South Africa	280,951	114,207	166,744
1-08103-80405-510905	Abu Dhabi	125,249	(45,486)	170,735
Total		4,825,646	6,025,669	(1,200,023)

Failure to reconcile the variance above will result in the misstatement of the overseas bank balance records maintained by the Ministry.

Recommendations

- **The Principal Accountant should ensure that bank balances in overseas mission accounts are reconciled with the overseas mission general ledger.**
- **The Ministry should seek the assistance of the Ministry of Finance to reconcile the accounts.**

Ministry's Comments

Comments are duly acknowledged, and as you are aware that 2014 is the first year in which the Ministry conducted Missions drawings account reconciliations. Differences between cash at bank and general ledger balance were anticipated as brought forward balances from previous years continued to be carried over till last year. We now confirmed differences between the two and as a way forward, submissions is in progress to be made to management in consultations with the Ministry of Finance for possible regularizations within the Ministry's identified savings, so a balanced and more accurate account balances is obtained within this financial year, 2015.

8.5 Electronic Fund Transfer (EFT) Recorded Under Unpresented Cheques

EFT was recommended to be used by government ministries and departments to reduce un-presented cheques at year end, reduce the risk of stale and lost cheques, save time, cost and human effort for the government to make payments and deposit to the bank and record keeping.

The agencies are required to formulate appropriate processes and procedures to ensure the efficient and effective use of the EFT. The agencies Head of Sections are required to put in place internal

control measures to safeguard the processes and procedures of EFT as stipulated under section 59 - (1) of the Finance Instructions.³

Audit noted that the Ministry's un-presented cheques listing as at 31/12/14 include payments made through the Electronic Fund Transfer (EFT). Refer Table 8.4 for details of EFT payments for which funds were not transfer to the vendors for long period of time.

Table 8.4: Detail of Electronic Fund Transfer Recorded as Un-presented Cheques

Date	EFT No.	Amount (\$)	Pro-Long Period
02/07/14	76	1,500.00	5 months
04/07/14	78	1,370.71	5 months
18/07/14	82	3,059.24	5 months
23/07/14	84	2,471.20	5 months
05/08/14	87	228.61	4 months
12/09/14	120	158.86	3 months
12/09/14	124	79.90	3 months
12/09/14	125	83.76	3 months
02/10/14	126	20.00	2 months
09/10/14	127	75.00	2 months
09/10/14	128	264.00	2 months
12/10/14	130	6,171.00	2 months
12/10/14	132	81.00	2 months
13/10/14	133	83,690.53	2 months
22/10/14	134	4,561.37	2 months
12/11/14	138	2,517.00	1 month
12/11/14	140	6,000.01	1 month
25/11/14	143	6,000.00	1 month
25/11/14	144	12,000.00	1 month
16/12/14	152	4.50	2 weeks
16/12/14	153	47.50	2 weeks
16/12/14	156	34.65	2 weeks
16/12/14	160	83.76	2 weeks
16/12/14	161	192.00	2 weeks
16/12/14	162	728.89	2 weeks
17/12/14	166	5,109.30	2 weeks
17/12/14	170	1,526.50	2 weeks
Total		138,059.29	

The above indicates that the bank cannot transfer the funds to the vendor bank account due to incorrect bank account details given to the bank by the Office.

Failure to follow up and obtain the required information needed by the bank from the vendor will result in the accumulation of EFT payments recorded in the Un-presented cheque list.

Recommendation

The Principal Accounts Officer should ensure that the required correct information for EFT payments are given to the bank to avoid accumulation of EFT payments in Un-presented cheques list at year end.

³ Electronic Money Transfer Policy 2011 - Section 5.6, 5.7

Ministry's Comments

Our understanding is such that once fund are transferred through EFT to bank, the cash is directed to the vendors account. However, last year 2014 is the first year for us to operate EFT transfer and thus our EFT reconciliations were carried out by the Ministry of Finance.

The comments have been noted and we are currently liaising with Ministry of Finance to take corrective actions and to address issue highlighted. Ministry of Finance has assured us that all issues highlighted will be resolved in 2015.

8.6 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 The PSFA&IC and HOM shall nominate two boards of survey officers to undertake an annual board of survey of fixed assets and expendable items at a specified date as required by Procurement Regulations 24-(1).⁵

The audit noted that the Ministry failed to carry out the board of survey for the eleven missions and Embassies. Refer Table 8.5 for details.

Table 8.5: Details of Missions for which Board of Survey Not Done.

Mission	Comments
Abu Dhabi	Board of Survey not done
Beijing	
Belgium – Brussels	
Brasilia – Brazil	
Geneva	
Korea	
Kuala Lumpur	
London	
PRUN – (New York)	
Washington	
Wellington	

Without a board of survey, the Statement of Losses (other than money) cannot be substantiated.

The risk of misappropriation of assets is also 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 7.4.1 of the Ministry's Finance Manual 2013 are strictly complied with.

Ministry's Comments

Comments have been noted and some improvement processes currently in place within the Ministry. A Circular was issued to all Missions abroad highlighting timelines of BOS conduct and report submissions to Headquarter.

⁴ Finance Instructions 2010 – Section 49 (1)

⁵ Ministry of Foreign Affairs & International Co Operation Finance Manual 2013 – section 7.4.1

8.7 Unsubstantiated Write Off

Subject to this or any other Act, the Minister of Finance may write off losses in respect of public money, state assets and agency assets.⁶

The Finance Instructions may require each budget sector agency:

- (a) To undertake appropriate recovery action for losses;
- (b) To maintain a register of losses containing the details required to be recorded by the Finance Instructions; and
- (c) To include details about losses and recovery action in the audited financial statements to be included in the agency's annual report⁷

Liabilities are amounts owed by Government to creditors and should be paid and not written off.

The audit noted that liabilities totalling \$50,041 were approved to be written off by Ministry of Finance without any supporting documents to justify the reason for write offs. Refer Table 8.6 for details.

Table 8.6: Details of Write Off of Liabilities in 2014.

Allocation	Description	Amount (\$)
1-08103-80701-863101	ADMIN CONTRIBTNS FOREIGN MISSN	(44,177.46)
1-08101-08101-861599	XXX PD OTHERS	(5,863.36)
Total		(50,040.82)

As a result the audit could not ascertain the accuracy of the write-off in the general ledger system.

Recommendation

The Principal Accounts Officer should ensure that all write offs are properly substantiated with supporting documents to justify the reasons for write offs.

Ministry's Comments

1. 1-08103-80701-863101 - ADMIN CONTRIBS FOREIGN MISSN - \$44,177.48

Fiji High Commission Wellington has been making payments (quoting trust allocations in the Payment Voucher) since 1993. Admin Cost for Consular services received at the Mission was also credited to this allocation since 2007, but prior to that, level of posting of credit to the said trust allocations cannot be determined, however fund received continuously deposited into the Mission bank account resulted in having healthy bank balances. Payments quoted were more than the pay-ins and this resulted in the overdrawn of the trust Account. The request for write off was to clear overdrawn amount being brought forward from previous years. Prior to this, the Mission was informed to refrain from quoting or debiting the trust allocations when making payment.

2. 1-08101-80101-861599 - XXX PD Others - 5,863.36.

This allocation was overdrawn since 2007. This was due an unidentified brought forward amount since 2006 when we started to prepare proper reconciliation of all Trust Fund Accounts

⁶ Financial Management Act 2004 – section 34(1)(a)

⁷ Financial Management Act 2004 – section 35

8.8 Failure to Maintain and Produce Proper Records for Audit Verification

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁸ 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.⁹

The Clerical officer Payments/ Ledger preparing payment voucher must ensure that all information required under Finance Instruction 14(1) has been included on the payment voucher or attached to it, before passing it to the SAO for certification.¹⁰

The audit noted the following anomalies in the administration and maintenance of accounting records and documents pertaining to payments made;

- Missing payment voucher and as such payments recorded in the general ledger system could not be substantiated;
- There was lack of supporting documents attached with payment voucher to justify the payment made. Refer Table 8.7 below for details.

Table 8.7: Anomalies in the Administration and Maintenance of Accounting Records – HQ

Cheque Number	Date	Amount (VIP)	Description	Anomalies
029334	07-03-14	8,052	Payment Of Hire West Papua visit- MSG Meeting	Payment Voucher not provided
JV 04/03/14	March 2014	23,016	Geneva Embassy	Journal Voucher details not provided
Batch loading 081140	April 2014	269,863	Geneva- embassy	Payment voucher not provided
028905	20-01-14	5,800	Payment of Catering Services for meeting -protocol and hospitality expenses	Three (3) quotations were not obtained for the supply of food and other items. Invoices were not attached. The function was held on 24/1/14; however invoice was dated before service received on 14/01/14.
029242	26-02-14	4,146	Payment of Per diem	Payment Voucher not provided
JV 45/10 /2014	October	43,962	MIS Special Expenditure-Adjustment of funeral (Ambassador Brussels) expenses.	Three (3) quotations were not obtained for hire of scaffworks of \$25,780. There was no LPO attached to the payment cheque number 30444 of 03/7/14.
Batch 081087	May 2014	(258,558)	Abu Dhabi February 2014 – Govt Hospitality.	Details not provided
15/08/14	30823	4,887	Consulting Firm	The audit noted this payment vouchers were missing
28/10/14	31458	300	Payment to various	
3/10/14	31482	63		

The Ministry also did not provide any response on audit query about the need to change return flight dates four days earlier than the date paid which cost the Ministry an extra \$7,328 for a revised one way ticket for the Minister. Refer Table 8.8 for details.

⁸ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2013 - Section 15.1.3

⁹ Finance Instruction 2010 – Section 59

¹⁰ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2013 – Section 2.9.4

Table 8.8: Detail of Penalty incurred for Revision of E-Ticket Route

Cheque Number	Date	Payee	Amount (FJD)	Description	Anomalies
029142	14-01-14	Jad International	7,328	Return air ticket for Minister to Jakarta	Revised e-ticket for Minister. Initially Minister was to return to Fiji from Jakarta on the 20 th of January, 2014, however he had requested to return on the 16 th of January, 2014 and arrive in Fiji on the 17 th of January 2014. There was no reason being provided for earlier return and audit noted that extra \$7,328 was paid for revised one-way ticket for the Minister.
TOTAL			7,328		

Processing payments without proper documentation increases the risk of double, unauthorized and fraudulent payments which allows room for corrupt practices. Also in the absence of records and supporting documents, transactions recorded in the general ledger are unauthenticated.

Recommendations

- **The Principal Accounts Officer should ensure that all accounting records are properly maintained in accordance to section 15.1.3 and 2.9.4 of the Finance Manual.**
- **The Director Corporate Services and Principal Accounts Officer should strengthen supervisory checks for records keeping for the Accounts Division.**

Ministry's Comments

The Ministry did not submit any comments for the above anomalies.

8.9 Anomalies for the Refurbishment of New Office – St. Stephen Building

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 maximize economy and efficiency and the ethical use of government resources.¹¹

Permanent Secretaries and Heads of Departments were advised that all Government contracts are to be vetted by the Solicitor General's Office during negotiations stage and as well as prior to its execution. This is to ensure that the Government's legal recourse and exposure are properly considered and protected.¹²

Due diligence is an integral part of the evaluation process that must be completed prior to awarding of the contract. During this phase, government agencies must check all the terms and conditions against the supplier's information as well as seek further information from the relevant authorities to verify the information provided. The process of due diligence will enable the Ministry to test the contractor's ability to fully perform the required standard of work.¹³

The PAO, SAO and AO must not certify a payment as correct unless they are satisfied that there is documentation that the works have been carried out.¹⁴

¹¹ Fiji Procurement Regulation 2012, section 3 (1)

¹² Public Service Circular 33/2013 on Government Contract and Ministry of Finance Circular 3/2013, clause 4.1 and 3.3

¹³ Ministry of Finance Circular 8/2013, clause 2.3 and 2.4 – Conducting Due Diligence Prior to Finalizing Contracts

¹⁴ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2013 – Section 2.9.15 (ii)

The Ministry contracted a construction company to carry out the Refurbishment works for the new office at St. Stephen Buildings in Suva. The tender process was waived by the Minister of Finance on 07/07/14 at the request of the Ministry. The Memorandum of agreement for the Refurbishment works was signed on 15/07/14 at a contract price of \$1.5million for durations of twenty four (24) weeks or six months. The following anomalies were noted.

- The refurbishment work on the Stephen building was delayed by more than a year (18 months) as funds were provided in 2013.
- The audit established that there was no evidence of vetting of agreement of the Refurbishment works by the Solicitor General's Office;
- The audit also established that the Ministry did not perform due diligence prior to signing of the agreement as the Ministry did not involve Building Engineer from the Building and Government Architects of the Public Works Department to be part of the project;
- The scoping of the contracted work was not independently determined to safeguard the interest of the Government.
- Further scrutiny of the agreement reveals that the clauses of the agreement do not include any independent technical monitoring or the issue of an engineer's certification for the completion of the contracted work for different phases before each contact payment and at the end of the project. As a result all the payments made to the contractor totaling \$1,348,420 were not certified by an independent building engineer before the release of each payment;
- No independent engineer's completion certification has been sought.
- Upon Ministry of Finance memo to seize all unutilized rolled over funds in the SLG 84 by the 15th August 2014, the Ministry then processed payments totaling \$468,001 without any service or work done by the contractor. The cheques were released later to the contractor. Refer Table 8.9 for payment details;

Table 8.9: Detail of Advance Cheque Processed to avoid the 15 August MOF deadline

Date	Cheque No.	Total Amount (\$)	Details	Remarks
14/08/14	30791	127,063	Refurbishment of St. Stephens Building to be the new HQ of MOFIC.	Cheques were processed and held at HQ Accounts and paid later to the contractor.
15/08/14	30824	135,000		
	30825	171,844		
	30826	34,094		
Total		468,001		

- The works have been completed early in 28/03/15 and the Ministry has paid a total of \$1,348,420 to the contractor with the retention amount to be paid after the defect liability period which ends on 28/8/15. As at 15 August 2015, the renovated building remained unoccupied and redundant for almost six months.
- The defect liability period has been wasted as the Ministry did not move in to occupy the building and enable them identify defects to be repaired at a cost to the contractor. Any defect identified after the defection period will be repaired as additional costs to government.

There were a lot of delays for the project and the waiver of tender also exposed the Ministry to a lot of risks as rigid scrutiny was absent thus negligence and other deficiencies identified above have occurred.

Recommendations

- **The Permanent Secretary should inquire about the deficiencies and negligence found in the project and take appropriate actions to correct and strengthen internal controls.**
- **The Permanent Secretary and Deputy Secretary should ensure that due diligence are performed prior to signing of the agreement.**
- **Without the engagement of the government engineers, competent and independent private engineers should be sought.**
- **The Principal Accounts Officer should ensure cheques are processed and released to the contractor after the successful completion of the work with necessary documentation in place to justify the processing of payments.**
- **The Ministry should ensure that the refurbishment office are occupied so that government resources are efficiently and effectively utilized.**

Ministry's Comments

The recommendations have been noted.

In February 2015, the Ministry requested the Ministry of Works to carry out an assessment on the works carried out by the Contractor. A report is yet to be submitted. The Solicitor General's Office is requesting for the same assessment report.

The tender process on the cabling of St Stephens building has been carried out and decision is still pending with the Tender Board.

The decision to move and occupy the building is pending subject to the recommendation of the Ministry of Works and the cabling of the building.

OVERSEAS MISSIONS

8.10 Payments Anomalies Noted for Overseas Mission Office

Competitive quotes, instead of public tenders, may be called for procurements below \$50,000 unless the PSFA&IC has approved an exemption.¹⁵

The Clerical Officer Payments/ Ledger preparing payment voucher must ensure that all information required under Finance Instruction 14(1) has been included on the payment voucher or attached to it, before passing it to the SAO for certification.¹⁶

The PAO, SAO & AO must not certify a payment as correct unless they are satisfied that it is in accordance with the LPO, indent, contract, invoice or other authorization; there is documentation that the goods, services or works have been received; sufficient uncommitted funds are available for

¹⁵ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2013 – Section 2.4.2

¹⁶ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2013 – Section 2.9.4

payment of the account; the account is not fraudulent and has not been previously paid; and the expenditure account it is charged to is correct.¹⁷

Immediately after payment has been effected, the CO – Payments and Ledgers must stamp, ‘paid’ on all vouchers and supporting documentation to avoid any double payments.¹⁸

8.10.1 Papua and New Guinea

The audit noted the following anomalies for payments made by Papua New Guinea Embassy;

- payment vouchers and other supporting payment records were not stamped paid;
- three quotations were not obtained for airline payments;
- overpayment of per diem allowance to the Second Secretary;
- poor planning for travelling since the Second Secretary had changed his travelling time after payment was made which caused unnecessary charges.

Refer Table 8.10 for details of the above anomalies.

Table 8.10: Payment Anomalies PNG Mission

Cheque Number	Date	Payee	Amount FJD (KINA) ¹⁹	Description	Anomalies
00610	11/7/14	Airline Company	3,643.68 (4,702.90)	Payment made for purchase of return airline ticket for Second Secretary on Diplomatic Official Duty on behalf of Fiji High Commission PNG for MSG 5 th Arts and Culture Festival Fiji Delegation (1 st group 72) to Fiji-POM/NADI/POM. Depart POM on Sunday 13 th July 2014 and return on Sunday 19 th of July 2014	<ul style="list-style-type: none"> • As per Itinerary and invoice, the total fare totals K\$3,832.19. However overpayment of K\$870.71= F\$674.60; • Payment vouchers and supporting documents were not stamped paid; • The minimum 3 quotations from the airlines were not obtained.
00613	15/7/14		286.00 (370.00)	Payment for amended bookings to Air Line Companies with additional cost and penalty fee by changing departing time from 19 th July to 16 th July.	<ul style="list-style-type: none"> • Payment vouchers and supporting documents not stamped paid; • No request letter and approval prior departing time; • Travel Plans not maintained and poor travelling plans caused unnecessary costs by changing departing time. • No reasons provided by Second Secretary on the change in ticket time.
000611	14/7/14	Second Secretary	2,624.46	Per diem for the Second Secretary traveling to Suva (Nadi) to accompany Minister for Arts and Culture , PNG and returning on Wednesday 16 th of July.	<ul style="list-style-type: none"> • Payment vouchers and supporting documents not stamped paid; • Overpayment of per diem allowance by one day. Instead of 3 nights per diem,

¹⁷ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2013 – Section 2.9.5

¹⁸ Ministry of Foreign Affairs and International Co-operation, Finance Manual 2013 – Section 2.9.10

¹⁹ Exchange Rate : 1FJ= K1.2907

Cheque Number	Date	Payee	Amount FJD (KINA) ¹⁹	Description	Anomalies
					4 nights have been paid, hence overpayment of USD\$292 <ul style="list-style-type: none"> No source for calculation of the per diem rate for area, i.e. USD\$292 for Suva.
TOTAL			6,544.14		

8.10.2 Brazil Mission

The audit also noted that the main supporting documents such as invoices were not stamped “paid” for the following payments by Brazil Mission Office;

Table 8.11: Details of Anomalies – Brazil Mission

Cheque Number	Date	Amount (VIP)	Description	Anomalies
313	10/10/14	R\$1,484	Refurbishment -Payment for purchase of washing machine for Second Secretary's apartment.	Supporting's Documents which include invoices were not Stamped paid.
314	9/10/14	R\$899	Refurbishment -Payment for purchase of one double bed for Second Secretary's apartment	
315	9/10/14	R\$599	Refurbishment -Payment for purchase of two head beds for Second Secretary's Apartment	
316	9/10/14	R\$4,780	Refurbishment -Payment for purchase of the following furniture for Second Secretary: 1. One dining table plus 6 chairs \$220 2. 1 buffet table 1,100 3. 1 Lamp Table- 2,200 4. 1 coffee table \$340 5. 1 side table \$920	
317	9/10/14	R\$3,050	Refurbishment -Payment for purchases of the following furniture for second secretary's apartment: 1. Sofa (3x2 Lug)- \$1800 2. 1 head bed \$450 3. 1 double bed \$900	
318	9/10/14	R\$1,200	Refurbishment -Purchase of refrigerator for second secretary's apartment	
319	9/10/14	R\$798	Refurbishment -Purchase of one double bed for second secretary's apartment	
320	9/10/214	R\$750	Refurbishment -Purchase of one gas stove for Second Secretary	

The Embassy would not receive value for money based on fair competitions and ethical dealings if it continues not to obtain three quotes and procure from the cheapest supplier.

Processing payments without proper documentation, planning and authorisation increases the risk of double and fraudulent payments.

In the absence of records and supporting documents, transactions recorded in the general ledger are unauthenticated.

Recommendations

- **The Director Corporate Services and Principal Accounts Officer should strengthen supervisory checks for records keeping and ensure that procurement procedures and guidelines are followed.**
- **Proper planning for travels should be made to avoid additional cost and overpayments of per-diem allowance are to be recovered from PNG staff. .**

Ministry's Comments

No comments received.

Section 9 Elections Office

Roles and Responsibilities

The Supervisor of Elections acting under the direction of the Electoral Commission administers the registration of voters and conducts elections of members of Parliament and such other elections as Parliament prescribes and may perform such other functions as are conferred by written law.
(Section 76 Clause 2 of the Constitution)

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PART A: FINANCIAL STATEMENT

9.1 Audit Opinion

The audit of the 2014 accounts of the Elections Office resulted in the issue of an unqualified audit report. However, attention was drawn to the following:

- There is an un-reconciled difference amounting to \$560,356 between the General Ledger (FMIS) Trust Fund Account and General Ledger (FMIS) Trust Fund Bank Balance. Accordingly, I have been unable to ascertain the accuracy and completeness of the Trust Fund account balance in the general ledger as at 31 December 2014.

9.2 Statement of Receipts and Expenditure

The office incurred a total expenditure of \$11,582,312 in 2014 compared to \$3,799,984 in year 2013.

Table 9.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
Commission	1,041	97
Miscellaneous Revenue	219,940	68,125

Description	2014 (\$)	2013 (\$)
TOTAL REVENUE	220,981	68,222
EXPENDITURE		
Operating Expenditure		
Established Staff	1,228,944	219,539
Unestablished Staff	67,266	77,861
Travel & Communications	104,391	34,841
Maintenance & Operations	82,004	109,126
Purchase of Goods & Services	151,204	942
Special Expenditures	8,685,682	3,187,772
Total Operating Expenditure	10,319,491	3,630,081
Value Added Tax	1,262,821	169,903
TOTAL EXPENDITURE	11,582,312	3,799,984

Total expenditure increased by \$7,782,328 or 204.8% in 2014 compared to 2013. The increase was mainly attributed to the increase in special expenditure for the 2014 Elections.

9.3 Appropriation Statement

The Office incurred expenditure totalling \$11,582,312 in 2014 against a revised budget of \$17,971,531 resulting in a savings of \$6,389,219 or 35%.

Details of expenditures against the budget estimates are provided in the appropriation statement in Table 9.2.

Table 9.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	466,654	784,862	1,251,516	1,228,944	22,572
2	Government Wage Earners	85,321	2,893	88,214	67,266	20,948
3	Travel & Communications	24,000	91,883	115,883	104,391	11,492
4	Maintenance & Operations	98,174	---	98,174	82,004	16,170
5	Purchase of Goods & Services	25,282	144,100	169,382	151,204	18,178
6	Special Expenditures	15,000,000	(1,023,738)	13,976,262	8,685,682	5,290,580
	Total Operating Expenditure	15,699,431	---	15,699,431	10,319,491	5,379,940
13	Value Added Tax	2,272,100	---	2,272,100	1,262,821	1,009,279
	TOTAL EXPENDITURE	17,971,531	----	17,971,531	11,582,312	6,389,219

9.4 Statement of Losses

The Office recorded loss of money amounting to \$9,156 in 2014 being polling day workers salary wrongly paid to wrong bank account numbers and the owners of the account had fully withdrawn the amount. A loss report was sent to Ministry of Finance Surcharge Unit and Police for further investigation.

There was no loss of fixed assets recorded for the year 2014. However, following Office's Board of Survey conducted in 2014, items worth \$42,990 were written off as approved by the Permanent Secretary of Finance.

9.5 Trust Fund Account Statement of Receipts and Payments

A trust fund account was opened in 2014 to account for all the funds received as Aid for the 2014 elections. The Trust Account collected Aid monies totalling \$21,607,512 and incurred expenditure totalling \$16,376,946. Table 9.3 outlines the trust fund account receipts and payments for the year.

Table 9.3: Trust Fund Account Statement of Receipts & Payments for 2014

Description	2014 (\$)
RECEIPTS	
Donor Agencies:	
Papua New Guinea	18,540,001
China	1,449,770
European Union	763,362
India	482,500
Turkey	93,984
Japan	82,421
Other Receipts - Refunds	195,474
TOTAL REVENUE	21,607,512
PAYMENTS	
Elections Expenditure	16,376,946
TOTAL PAYMENTS	16,376,946
Net Surplus/(Deficits)	5,230,566
Surplus Transferred to Consolidated Fund Account	4,000,000
Closing Balance as at 31 December	1,230,566

PART B: AUDIT FINDINGS

9.6 Variance in Trust Fund Account

Each month, the trust 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 audit noted a variance of \$2,532 exists between the trust fund bank reconciliation and the trust fund bank account balance in the general ledger as at 31 December 2014. Refer to Table 9.4 for details.

Table 9.4: Variance between Trust Fund Bank Reconciliation and Bank Balance in GL

Details	Amount (\$)
FMIS (1-10101-10001-520701)	1,228,035
Bank Reconciliation	1,230,567
Variance	2,532

Also, the audit noted a variance of \$560,356 exists between the trust fund account and the trust fund bank balance in the general ledger as at 31 December 2014. Refer to Table 9.5 for details.

¹ Finance Instructions 2010 – Section 58 (3)

Table 9.5: Variance between Trust Fund Account and Trust Fund Bank Account in GL

Details	Amount (\$)
FMIS (1-10000-00000-890000)	1,788,391
FMIS (1-10101-10001-520701)	1,228,035
Variance	560,356

The above indicates that the Office failed to reconcile the cash at bank general ledger balance and true trust fund balances properly, resulting in variances noted. As a result audit was not able to ascertain the accuracy and completeness of the Trust Fund account balance in the general ledger as at 31 December 2014.

Recommendation

The Head of Accounts should ensure that proper monthly reconciliations between bank reconciliation balance and trust fund bank account balance in the general ledger is done and any errors or variances noted should be investigated and adjusted accordingly.

Office Comments

The staffs of the Finance Department in the 2014 Election include the Head of Finance, three Finance Officers for the Payments, Reconciliation and the Budget, 3 temporary clerical officers that were assigned for payroll and accountable advance.

The volume of work involved during the Election period was enormous that officers in Finance were mostly involved with the Operation and Payments for suppliers, allowances for teams travelling, salary of Polling day Workers etc. The time taken to reconcile accounts was very limit after the Election as it was close to the closing of Accounts.

The variance of the \$2,522 was reconciled and adjustment will be passed in the 2015, and the variance of the \$560,356 was the mis-postings of vat amounts for Purchase Orders raised under Fund 9. Vat amounts were posted under Fund 1 and not Fund 9.

9.7 Operating Trust Fund Accounts

Trust Fund Accounts 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,² and by convention should always have credit balance. Thus, the trust fund accounts should not at any time be overdrawn.³

A variance of \$398,058 exist in the operating trust fund accounts balance between the Office reconciliation and the general ledger (FMIS) records. Refer to Table 9.6 for details.

Table 9.6: Variance in Operating Trust Fund Account

Details	Amount (\$)
FMIS (1-10101-10999-861900)	4,435
Office Reconciliation	402,493
Variance	398,058

² Sections 25 (1) of the Financial Management Act 2004

³ Finance Circular No 4/98 of 30/03/98

In addition, as at 31 December 2014, the Office Operating Trust Fund Accounts had an overdrawn balance of \$4,435 compared to \$509,684 in 2013, a decrease of \$505,249 or 99% mainly due to write off of dormant balances totalling \$398,058 in operating trust account. Refer to Table 9.7 for details.

Table 9.7: Overdrawn Trust Fund Account

Allocation	Description	2014 Balances (\$)	2013 Balances (\$)
1-10101-10999-861901	Tax Arrears/PAYE	(15,570)	398,028
1-10101-10999-861920	Employees FNPF	20,005	111,676
1-10101-10999-861101	OPR Current Year	---	10
1-10101-10999-861202	CMLA	---	(30)
Total		4,435	509,684

Despite the write off of the dormant accounts, the account still is overdrawn by \$4,435.

The above findings indicate that monthly reconciliations and independent checks by supervisors were not effectively carried out. Also, this could have been avoided had the Office been more vigilant in preparation of its operating trust fund account reconciliations.

Recommendations

- **The Accounting Head should ensure that the Trust Account is not overdrawn at any point in time in accordance with Finance Circular 4/98.**
- **The Accounting Head should ensure that all FNPF deductions are credited to the trust accounts.**
- **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 reconciliation of the trust fund accounts were carried out and the balances in the PAYE Tax Arrears and the FNPF will be verified and cleared in 2015.

The balance of the \$20,005 in the FNPF Trust was the carried forward balance from previous years that the office is working with FMIS to write off the carry forward amount. Currently FNPF deductions are correctly posted to the Trust Fund account and payments made are reconciled with the General Ledger posting.

We are currently reconciling the postings in the Trust Fund account and will work with FMIS to write off the carry forward amount. Necessary action will be taken to adjust the misposting to clear the debit balance.

We confirm that the credit balances is posted to the trust fund account and monthly payments made are matched with the postings in the Trust Fund Account.

We have established a control process that monthly payments from the trust fund account must balance shown on the trust fund account. Any posting errors during the month is adjusted at the same time.

9.8 Anomalies in Procurement of Goods and Services

Purchase of equipment necessary for the operation of FEO should be accompanied by raising of LPO.⁴ Employees engaging the services or works prior to the issue of Purchase Order shall be disciplined and if any employee commits this twice in a calendar year shall be issued with a final warning.⁵ Immediately after payment has been effected, the FOP preparing the payment must stamp “paid” on all vouchers and the supporting documents to avoid any double payments.⁶

Competitive quotations for procurement of all goods, services or works valued at FJD200.00 or more should be obtained.⁷ The HOD FA must not certify any payment as correct unless he/she is satisfied that it is in accordance with the PO, contract, invoice or other documentation and authorization.⁸

Audit noted that the Office failed to comply with its Finance Manual 2014 in accounting for the procurement of goods and services. Refer to Appendix 9.1 for details.

Proper procurement procedures were not followed and there is a risk that the Office could be overcharged by suppliers of goods and services.

Recommendation

The Head of Department Finance & Accounts and Procurement should ensure that procurement rules and regulations are strictly adhered to. Any deviation should be properly authorized and supported with documentary evidence.

Office Comments

No comments received.

9.9 Sitting Allowance for Electoral Commission Members

The Electoral Commission established under the State Services Decree 2009 continues in existence.⁹ The chairperson and the members of the Commission shall be appointed by the President, on the advice of the Constitutional Offices Commission.¹⁰

The members of the Electoral Commission were appointed on 9 January 2014 through Government Gazette. However, the Gazette did not contain anything on the remuneration or the allowances of the members.

The Electoral Commission members were paid sitting allowance of \$500 per day. Discussion with the HOD – Accounts & Finance revealed that the allowance was approved following the discussions between the Attorney General, and the Chairperson of the Electoral Commission.

However, no official correspondence between Attorney General and the Chairperson of the Electoral Commission was provided for audit verification. Refer to Table 9.8 for examples of sitting allowance paid.

⁴ Fijian Elections Office Finance Manual – Section 37.2(f)

⁵ Fijian Elections Office Finance Manual – Section 7.5

⁶ Fijian Elections Office Finance Manual – Section 11.6

⁷ Fijian Elections Office Finance Manual – Section 7.1

⁸ Fijian Elections Office Finance Manual – Section 11.4

⁹ Constitution of Republic of Fiji – Section 75 (1)

¹⁰ Constitution of Republic of Fiji – Section 75 (7)

Table 9.8: Sitting Allowance Payments

Date	Cheque No.	Amount (\$)	Description
02/05/14	1141	\$6,703.92	Being payment of sitting allowance to one Commission member for attending the Electoral Commission Meeting on 02/04-29/04/14
01/09/14	2767	\$7,076.33	Being payment of sitting allowance to one Commission member for attending the Fijian Electoral Commission Meetings and Electoral – related meetings from 04/08-29/08/14
01/09/14	2769	\$5,040.00	Being payment of sitting allowance to one Commission member for attending the Fijian Electoral Commission Meetings and Electoral – related meetings from 04/08-29/08/14
10/09/14	2980	\$6,236.58	Being payment of sitting allowance to one Commission member for attending the Fijian Electoral Commission Meetings and Electoral – related meetings from 04/08-29/08/14

In the absence of relevant documents, it is difficult to substantiate the accuracy of the allowance paid.

Recommendations

- **The HOD – Accounts & Finance should be more vigilant and ensure that all mandatory rules and regulations are being adhered to.**
- **The HOD – Accounts & Finance should ensure that official memorandum or circulars are obtained to validate the accuracy of the rates for sitting allowance.**
- **Sitting allowance of the Election commissioners should be gazetted.**

Office Comments

No comments received.

Appendix 9.1: Anomalies in Procurement and Accounting for Goods and Services

Date	Cheque No.	Amount (\$)	Details	Comments
Operational Procurements				
16/05/14	1228	\$42,998.01	Being payment for purchasing of return air passage for USA team for EVR registration from 18/05/14 – 27/05/14	<ul style="list-style-type: none"> No invoice from Vendor No competitive quote obtained from other travel agents
26/05/14	1287	\$55,865.75	Being payment for working on the demolition and restructure of FEO Ground floor.	LPO not raised
29/05/14	1337	\$71,105.52	Being Swift Transfer for BVR adaptation.	LPO not raised
23/06/14	1649	\$32,753.38	Being for Technical Support onsite/offsite training migration voters.	
27/06/14	1702	\$282,458.40	Being payment for 476 pages lift out for Fiji First Party signatures Publication.	LPO was raised after the invoice was received.
Trust Fund Procurements				
8/7/2014	51	49,146.11	Payment for construction of FEO ground floor - progress claim # 2 variation works	<ul style="list-style-type: none"> No approval sighted for the variation work before the work was commenced. No quotation was obtained for the variation work from the contractor. No LPO raised for the variation work. LPO was raised only for the purpose of making the payment. Invoice date: 09/06/14 and LPO date 04/07/14
28/07/14	210	49,500.00	Payment for hire of 13 4 x 4 vehicles for phase 4 registration from 13/06/14 - 28/06/14	LPO raised after the receipt of invoice. Invoice dated 04/07/14 while LPO dated 22/07/14.
12/8/2014	272	43,000.00	Payment for charter of plane from Fiji to Rotuma for voter education and PDW training	Competitive quotes not sighted and no justifications provided
17/07/14	135	40,000.00	Payment for the FIFA World Cup Radio and TVC package	LPO raised after the receipt of invoice. Invoice dated 13/06/14 while LPO dated 20/06/14.
18/07/14	157	35,000.00	Payment for printing of 70,000 copies x 12 pages plus cover of voter information booklet in full colour	LPO raised after the receipt of invoice. Invoice dated 17/06/14 while LPO dated 18/07/14.
		28,000.00	Payment for printing of 50,000 copies x 12pp plus cover of voter information booklet "Hindi" version in full colour	LPO raised after the receipt of invoice. Invoice dated 24/06/14 while LPO dated 17/07/14.
		29,500.00	Payment for printing of 50,000 copies x 16pp plus cover of voter information booklet 'Itaukei version' in full color	LPO raised after the receipt of invoice. Invoice dated 23/06/14 while LPO dated 17/07/14.
12/08/14	273	49,845.00	Payment for hire of 5 4x4 vehicles for operations team from 11/08/14 to 25/09/14	<ul style="list-style-type: none"> Payment voucher and supporting documents not stamped paid. LPO raised after the receipt of invoice. Invoice dated 22/07/14 while LPO dated 11/08/14.

Date	Cheque No.	Amount (\$)	Details	Comments
14/08/14	301	59,280.00	Payment for hire of 3 vehicles for operations team from 11/08/14 to 25/09/14 for 52 days	<ul style="list-style-type: none"> Supporting documents not stamped paid. LPO raised after the receipt of invoice. Invoice dated 05/08/14 while LPO dated 11/08/14.
15/08/14	309	725,318.47	Payment for polling station kits - Elections	No payment voucher attached.
25/08/14	403	84,180.00	Payment for providing advertising services - billboard advert	<ul style="list-style-type: none"> Payment voucher and supporting documents not stamped paid. No competitive quotes sighted or the justification for one quote provided.
30/08/14	441	83,897.33	Payment for hire of Vessel for Pre Poll in Kadavu from 04/09/14 to 12/09/14	<ul style="list-style-type: none"> LPO raised after the receipt of invoice. No competitive quotes sighted.
31/08/14	443	84,750.00	Payment for charter of boat for Yasawa Islands by Pre Poll Teams	Competitive quotes not sighted.
1/9/2014	474	44,726.94	Payment for charter of boat for Lau for Pre Poll Teams	Receipt does not match with the payment amount.
22/09/14	907	70,400.00	Payment for hire of scaffolding/tents for the central division for polling stations	<ul style="list-style-type: none"> Competitive quotes not sighted. LPO raised after the receipt of invoice.
23/09/14	911	47,058.00	Payment for installing tube/flood light cables and providing electrical works in polling stations sheds - central and western	No exemption certificate provided and no provisional tax was withheld.
30/09/14	1084	72,614.50	Payment for cartage and freight iro polling materials	LPO raised after the receipt of invoices.
1/10/2014	1106	38,500.00	Payment for 3 ton truck from 15/09-19/09/14	LPO raised after the receipt of invoice.
6/10/2014	1236	135,445.20	Payment for SMS Adhoc Broadcast charges for the month of August 2014; 4 x SMS sent to 677226 Vodafone users on 4 occasions	LPO raised after the receipt of invoice. Invoice dated 18/09/14 while the LPO dated 29/09/14.
6/10/2014	1241	37,064.52	Payment of wages allowances for polling day workers who attended on elections day (17 Sep) at various polling stations.	The gross pay is \$37,064.52 and the amount posted in the general ledger is \$40,064.52, resulting in a variance of \$3,000
8/10/2014	1324	186,689.42	Payment for TV spots for FEO's TVC's during the month of July, August and September 2014	Few purchase orders raised after the receipt of invoices.
9/10/2014	1362	254,834.51	Payment for airing various polling ads	Purchase orders raised after the receipt of invoices.
18/11/14	1701	155,362.84	Payment for out/in going overseas delivery - FEO Sept-201 and returned overseas deliveries - FEO Sept - 202, 203, and 204.	<ul style="list-style-type: none"> Payment voucher and supporting documents not stamped paid. LPO raised after the receipt of invoices.
		174,009.54	Payment for out/in going overseas delivery-FEO Sept-501, 502, 503, 504 and 601, Local delivery and in/out going local delivery	<ul style="list-style-type: none"> Payment voucher and supporting documents not stamped paid. LPO raised after the receipt of invoices. No competitive quote/tender called for local deliveries - during the analysis of tender, the analysis was only done for overseas deliveries.

Section 10

Judiciary

Role and Responsibilities

The Judicial Department is responsible for enhancing the quality of justice in the community by ensuring an effective and accessible Court System as the cornerstone of Justice. The Court System will uphold the principles of impartiality, equality, fairness and access, while protecting the dignity and rights of all members of the community. In line with the Constitution of the Republic of Fiji 2013, Chapter 5, Part A 97(2), of the Republic of Fiji and the law, which they must apply without fear, favour or prejudice.

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PART A: FINANCIAL STATEMENT

10.1 Audit Opinion

The audit of the 2014 accounts of the Judiciary Department resulted in the issue of an unqualified audit report. Management attention however was drawn to the following matters.

- The Bank account balance for Judicial Trust Fund Accounts for Suitors, Maintenance and Sundries is not sufficient to support the general ledger balances for Cash at Bank (Fund 9 - SAG 52) and Main Trust account (Fund 9 – SLG 89). A shortfall of \$783,222 is noted from the Bank Reconciliation.
- The state and agency revenue totalling \$4,079,691 is reflected in the Statement of Receipts and Expenditure while a further sum of \$13,345,569 was not collected by the department which remained outstanding as arrears of revenue. These mainly comprise court fines and charges of which a total of \$10,024,462 are aged more than five years which has not been analyzed to determine irrecoverable amounts for write offs. The Statement of Losses does not include any write offs for arrears of revenue.

10.2 Statement of Receipts and Expenditure

The department collected revenue totalling \$4,079,691 and incurred expenditure totalling \$27,959,839 in 2014. Refer Table 10.1 for details.

Table 10.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue		
Court Fines	2,466,697	2,651,192
Court Fees	1,393,338	1,304,990
Others	8,691	5,462
Total State Revenue	3,868,726	3,961,644
Agency Revenue		
Miscellaneous	175,834	166,721
Revenue from Surveys	35,131	46,352
Total Agency Revenue	210,965	213,073
Total Revenue	4,079,691	4,174,717
EXPENDITURE		
Operating Expenditure		
Established Staff	18,284,760	14,898,751
Government Wage Earners	1,003,975	650,141
Travel & Communication	1,378,543	810,798
Maintenance & Operations	935,378	878,698
Purchase of Goods & Services	559,619	512,491
Special Expenditure	1,038,229	683,933
Total Operating Expenditure	23,200,504	18,434,812
Capital Expenditure		
Construction	3,091,594	1,213,784
Purchases	689,604	1,194,478
Total Capital Expenditure	3,781,198	2,408,262
Value Added Tax	978,137	724,404
TOTAL EXPENDITURE	27,959,839	21,567,478

The department's total revenue decreased by \$95,026 or 2 % in 2014 compared to 2013 due to the decreases in court fines.

The total expenditure increased by \$6,392,361 or 30% in 2014 compared to 2013 due to increases in expenditure for established staff and capital construction.

10.3 Appropriation Statement

The department incurred expenditure totalling \$27,959,839 in 2014 against the revised budget of \$31,486,445, resulting in a savings of \$3,526,606 or 11%. Details of expenditures against the budget estimates are provided in Table 10.2.

Table 10.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	20,368,783	(874,354)	19,494,429	18,284,760	1,209,669
2	Government Wage Earners	908,006	101,280	1,009,286	1,003,975	5,311
3	Travel & Communication	1,245,350	195,500	1,440,850	1,378,543	62,307
4	Maintenance & Operations	668,600	273,800	962,400	935,378	27,022
5	Purchase of Goods & Services	665,235	(67,000)	598,235	559,619	38,616
6	Operating Grants & Transfers	3,400	---	3,400	---	3,400
7	Special Expenditure	1,021,500	35,774	1,057,274	1,038,229	19,045

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Total Operating Costs	24,880,874	(335,000)	24,565,874	23,200,504	1,365,370
	Capital Expenditure					
8	Construction	8,300,000	(3,430,764)	4,869,236	3,091,594	1,777,642
9	Purchases	570,000	150,000	720,000	689,604	30,396
	Total Capital Expenditure	8,870,000	(3,280,764)	5,589,236	3,781,198	1,808,038
13	Value Added Tax	1,873,700	(542,365)	1,331,335	978,137	353,198
	TOTAL EXPENDITURE	35,624,574	(4,158,129)	31,486,445	27,959,839	3,526,606

In 2014, Cabinet approved the redeployment of \$4,158,129 from the Department's budget to Fiji Roads Authority.

10.4 Statement of Losses

The Department recorded loss of money amounting to \$38,134 in 2014.

1. Navua Magistrates Court – one of the Officers embezzled around \$37,127. This was reported to Police and investigation is still going on.
2. Korovou Magistrates Court – one of the officers embezzled around \$1,007. This was reported to Police and investigation is still going on.

There was no loss of fixed assets recorded for the year 2014. However, following Department's Board of Survey conducted in 2014, items worth \$186,973 were written off as approved by the Permanent Secretary of Finance.

10.5 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 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
Judiciary Trust Fund Account	265,504	227,005
Legal Practitioners Unit Fund	196,530	98,894
Suitors Fund	12,061,086	12,196,581
Maintenance Fund	3,453,734	3,732,580
Sundries Fund	2,522,084	2,298,805
TOTAL REVENUE	18,498,938	18,553,865
PAYMENTS		
Judiciary Trust Fund Account	295,175	771,756
Legal Practitioners Unit Fund	88,197	171,310
Suitors Fund	9,327,341	9,174,938
Maintenance Fund	3,545,726	3,635,963
Sundries Fund	2,135,284	2,911,028
TOTAL PAYMENTS	15,391,723	16,664,995

Description	2014 (\$)	2013 (\$)
Net Surplus/(Deficits)	3,107,215	1,888,810
Opening Balance as at 1 January	17,491,028	15,602,158
Closing Balance as at 31 December	20,598,243	17,491,028

The trust fund account balance increased by \$3.1million in 2014 compared to 2013 mainly due to decrease in payments from Judiciary Trust, Maintenance Fund and Sundries Fund.

PART B: AUDIT FINDINGS

10.6 Un-reconciled Main Trust Bank Account

Within 5 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 and the trust bank account. Details of balances must be attached to the reconciliation statement.¹

Audit noted that fewer funds are available in the Main Trust Bank account to support the FMIS General Ledger balance for the same account (Fund 9 - Seg 52). The general ledger recorded a balance of \$19,827,490 as at 31 December 2014 while the bank reconciliations balance calculated was \$19,044,268. A variance of \$783,222 exists between the two records. Refer Table 10.4 for details on causes of the variance.

Table 10.4: Overstatement of Main Trust Account

Details	Amount (\$)	Remarks						
Direct Deposits	(9,863)	Direct deposits to the bank not receipted in the books and not recorded in GL. This has not been done since January 2014.						
Bank Error	530	Bank pays more than the amount stated in the cheque. Queries have been sent but no adjustment made by the Bank dated back to 2013.						
Ministry of Finance Adjustment	784,441	Book adjustment to balance Seg 52 & Seg 89 through JV adjustment as follows: <table><tr><td><u>Allocation</u></td><td><u>Amount (\$)</u></td></tr><tr><td>Trust Cash Account (9-11101-11999-520301)</td><td>784,441 Dr</td></tr><tr><td>Trust Liability Account (1-11101-11999-910101)</td><td>784,441 Cr</td></tr></table> The adjustment was passed without actual money deposited in the bank.	<u>Allocation</u>	<u>Amount (\$)</u>	Trust Cash Account (9-11101-11999-520301)	784,441 Dr	Trust Liability Account (1-11101-11999-910101)	784,441 Cr
<u>Allocation</u>	<u>Amount (\$)</u>							
Trust Cash Account (9-11101-11999-520301)	784,441 Dr							
Trust Liability Account (1-11101-11999-910101)	784,441 Cr							
Variance between Fund 9 Seg 52 & Seg 89	8,114	These are outstanding deposits from funds received from areas that do not have access to Banks and thus made their deposits to Post Fiji. Post Fiji will then write a cheque to the Department every month for all the funds received which will be deposited to the Bank by the Department in the following month. However, December outstanding deposits were not reported in the Bank Reconciliation with its details at year end.						
Total	783,222							

Audit noted that a Ministry of Finance adjustment of \$784,441, dated 31 January 2014, to correct the variance between the Bank ledger account balances (SAG 52) and its corresponding trust account (SLG 89) as the major cause of the variance. The adjustment to equate the general ledger bank account to the trust fund account was merely a book entry without any cash deposited to the Trust account in the Bank.

¹ Judicial Department Finance Manual 2013 - Part 15.4.1. & 15.4.2.

The anomaly above indicates the inability of the accounts section to properly reconcile main trust funds recorded in the general ledger (FMIS) with the funds kept in the bank.
Lack of reconciliations of trusts fund accounts increases the risks for misappropriations and fraud.

Recommendations

- **The Principal Accounts Officer must ensure that proper Bank Reconciliation of Trust Funds is carried out with the inclusion of Outstanding Deposits.**
- **Direct deposits must be properly receipted and recorded in FMIS GL.**
- **Proactive measures should be taken to resolve bank errors.**
- **Ministry of Finance adjustment should be reviewed and proper investigation conducted to determine cause of variance between Seg 89 & Seg 52.**

Department's Comments

Recommendations of the Auditors are noted. The reconciliations are behind not due to the current staff's non-performance but the ones who were employed in the 1980's. If some stern actions had been taken at that time, then our reconciliations would be up to date.

Nevertheless, the current staffs are tirelessly trying to carry out the reconciliations but by the time they complete one month's reconciliations another months (current) is added. If there are any other ways these reconciliations can be updated in a faster way which the Auditors are aware of, then we would appreciate if they could suggest this to us.

Department has a ledger where the balances ties up with the FMIS balances. It is only the actual reconciliation which is behind i.e. we cannot tell who all are owed the money that we are holding in the trust account.

Department is trying to clear the direct deposits. The delay in doing the clearance is because the payees (Co.'s & depts.) are not providing the listing for us to receipt it to the correct allocations. Despite numerous reminders they still do not respond. For this reason the monies are not recorded in the GL.

We are trying to resolve the bank errors and ensure that all outstanding issues will be cleared by end of this financial year.

The variance between Fund 9 Seg 52 & Seg 89 of \$8,114 which is the monies deposited at Post Fiji was receipted in January 2015. We have a system in place which works this way i.e. this month's monies deposited at Post Fiji is received the following month thus the difference in these two accounts. For these accounts to have no variance, we need to look at other options which either Ministry of Finance or Office of Auditor General can advise us on.

The variance of \$784,441 occurred when Ministry of Finance opened a separate bank account for Trust Account in the year 2009. They had issued a cheque for the credits in the GL Account of the old allocations as at 7th May 2009 but the New allocations were used from June 2009. Since the new allocations were used late, the transactions continued in the old allocations till 31/5/09. Thus there were still credit balances in the old allocations even after the transfer amounting to \$734,677.41. We transferred this amount to our new allocations vide journals but the actual sum hasn't been provided by Ministry of Finance which leads to a shortfall in our bank account by \$734,677.

A letter was written to Ministry of Finance in May 2013 requesting them to give us the money which should be deposited in our Trust bank account. But unfortunately to date we haven't been provided with anything. Even though we provided them with copies of extracts from FMIS, Ministry of Finance is requesting for copies of all the Pay Ins. The former Senior Accounts Officer was tasked to carry out this exercise but he has since then resigned from the service. The current Acting Senior Accounts Officer has been instructed to photocopy all pay ins, which he currently is doing and once completed we will make another submission to Ministry of Finance.

This we intend to do by end of August 2015. Once we receive the sum of \$734,677.41, we will then see what the variance of \$49,764 is for.

We agree reconciliations are important, but as mentioned earlier due to the negligence of officers working in the department in the 80's, this backlog has occurred. But we assure that there is no misappropriation and fraud in accounts sections as proper ledgers are maintained. All monies are banked by the Registries which are properly accounted for.

10.7 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:

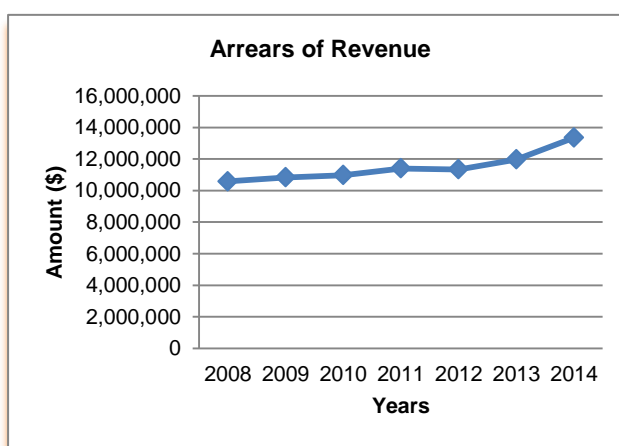
- a demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than a month; and
- if the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.²

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.³

Audit noted a significant increase in arrears of revenue by \$1,377,538 or 12% in 2014 as compared to 2013. Refer Table 10.5 for details.

Table 10.5: Arrears of Revenue Over the Seven Year Period

Year	Balance (\$)	Variance (\$)	Percentage Change
2008	10,574,640	---	---
2009	10,828,342	253,702	2
2010	10,970,177	141,835	1
2011	11,397,061	426,884	4
2012	11,341,730	(55,331)	---
2013	11,968,031	626,301	6
2014	13,345,569	1,377,538	12



The arrears of revenue comprises of Court fees, fines and cost awarded to state. The Department has established a Fine Enforcement Unit to manage the arrears of revenue. Despite this exercise, the arrears of revenue for the Department remained substantial. Refer Table 10.6 for Aging of Debtors.

² Judicial Department Finance Manual 2010 – Section 9.2.1

³ Judicial Department Finance Manual 2010 – Section 9.2.4

Table 10.6: Aging of Debtors

Age of Debtors	2014 Amount (\$)	2013 Amount (\$)	Variance (\$)	Percentage Change
Less than 1 year	1,678,769	957,297	721,472	75
1 – 2 years	719,925	365,727	354,198	97
2 – 5 years	922,413	1,159,558	(237,145)	(20)
More than 5 years	10,024,462	9,485,449	539,013	6
Total Debtors	13,345,569	11,968,031	1,377,538	12

Arrears of revenue for less than 1 year and between 1 to 2 years had increased by \$721,472 (75%) and \$354,198 (97%) respectively in 2014.

Lack of control and recovery measures are evident in this anomaly which warrants immediate review and collaboration.

Further delay in collecting the outstanding revenue increases the likelihood of non-collection of revenue which may require write-offs resulting in revenue loss for the government.

Recommendations

- **Proper detailed of personal data to be recorded for all debtors at initial stage.**
- **Pro-active follow-up on defaulters after 21 days arrears.**
- **Entry of defaulters name into Data Bureau should be considered.**
- **Fine Enforcement Unit should be well legislated giving them powers to execute warrants with full resources.**

Department's Comments

The department is also concerned about the vast amount of Arrears of Revenue which still remains uncollected but as mentioned in the previous years it does not have the authority nor control over the execution process as this is mainly vested with the Police Department.

The arrears of revenue mainly arise due to Non- payment of fines and court costs. Courts impose fines which are generally to be paid within fourteen (14) to twenty one (21) days. If the fines are not paid within the specified timeframe then warrants are issued which are executed by the Fiji Police Force. If Police are able to execute the warrants, then the Arrears of Revenue will decrease.

As recommended by the Auditors, the department is working closely with the Police Department in the collection of outstanding arrears. Transport (inclusive of driver) is provided and Fine Enforcement Unit (FEU) Staff accompany Police Officers who execute warrants. But sometimes it is difficult to find the defaulters as they are no longer staying at the address initially provided by them. In addition, Police Officers are also given recharge cards to call defaulters who cannot be located.

The department is also working with LTA (through a pilot project which commenced on 24th February 2014) so that assistance is provided by them to check if the pending arrears have been paid for at LTA which the department is not aware of so that the record is updated. The pilot project has assisted greatly in reducing the outstanding arrears since the LTA Officers who are based at Nasinu Court are able to access their system and confirm these Traffic Infringement Notices (TINs) which have already had their fines paid with them. This project is anticipated to continue given its success. At this stage our staffs (Two) have been trained by the LTA officer and are currently assessing their system to verify and confirm payment. We are also in the process of

purchasing our own dongle to access the LTA database for the continuation of this project as we are currently using theirs for this purpose.

The department has set up a team made of senior officers to enter all arrears in a database. Once this exercise is complete by October 2015 then a submission will be made to the Ministry of Finance to write off the irrevocable Arrears of Revenue which has been pending for more than 5 years. This exercise has taken a while to conduct due to the minimum resources (finance, human and transport) we have. Nasinu Court is the only court in Suva that caters for the TINs from Navua to Nakasi. They have approximately 57,340 TIN cases pending with only five (5) staff looking after this on a daily basis apart from their other duties of looking after Civil, Criminal, Small Claims Tribunal and Family Court matters. Searching for outstanding files and recording them can only be done after hours which put a lot of pressure on our very scarce overtime and allowance funds.

The recommendation of the Auditors for the department to consider cooperation with FRCA on use of TIN is noted. However, LTA already uses FRCA TIN when we go for Licence Renewal. But the department will consider this option in time to come and see how valuable it is.

10.8 Delay in Taking Disciplinary Action

During the period of suspension, all entitlements to salary and benefits are also suspended. However, you may make appropriate submissions to the Department to be paid a quantum of your salary after three months from the date of your suspension.⁴

Audited noted that several disciplinary cases have been pending for long, resulting in payment of quantum for a prolonged period without any service rendered by the officer to the department. Refer Table 10.7 for details.

Table 10.7: Officers Paid Quantum during Suspension

EDP No.	Suspension Date	Reason for Suspension	Audit Remarks
63070	18/07/14	The officer misappropriated government revenue amounting to \$3,788.75 and Trust money amounting to \$865.00 as Revenue Collector for Magistrates Court Rakiraki. She also failed to report the misappropriation of revenue by another staff.	<ul style="list-style-type: none"> ✓ From 01/01/2015 quantum of 50% is being paid whilst on suspension. ✓ Total quantum paid as at pay 13/2015 - \$3,164.72. ✓ The officer is still on quantum since the outcome of disciplinary proceedings is still pending.
91897	18/06/14	Failed to adhere to the directives given, regarding his posting to magistrate court Nadi	<ul style="list-style-type: none"> ✓ From 14/10/14 quantum of 50% is being paid whilst on suspension. ✓ Total quantum paid as at pay 13/2015 - \$4,521.03. ✓ The officer is still on quantum since the outcome of disciplinary proceedings is still pending.
93572	04/06/14	Officer assisted an accused in preparing mitigation documents and received the documents in registry without being stamped.	<ul style="list-style-type: none"> ✓ From 02/09/14 quantum of 50% is being paid whilst on suspension. ✓ Total quantum paid as at pay 2/2015 - \$2,573.52
93587	26/03/14	Manipulated the sick sheet by altering the resumption date	<ul style="list-style-type: none"> ✓ From 31/07/14 quantum of 50% is being paid whilst on suspension. ✓ Total quantum paid as at pay 13/2015 - \$5,651.28. ✓ The officer is still on quantum since the outcome of disciplinary proceedings is still pending.

⁴ As per letter issued regarding "Suspension Pending Disciplinary Proceedings"

EDP No.	Suspension Date	Reason for Suspension	Audit Remarks
92033	30/07/14	The officer had misappropriated government revenue amounting to \$3,788.75 and trust money amounting \$865.00 between 4/7/14 to 15/07/14 whilst employed with Judicial department in Rakiraki.	<ul style="list-style-type: none"> ✓ From 12/11/14 quantum of 50% is being paid whilst on suspension. ✓ Total quantum paid as at pay 13/2015 - \$4,016.77. ✓ The officer is still on quantum since the outcome of disciplinary proceedings is still pending.
93678	09/04/14	The officer was alleged of sexually harassing his co-workers especially the ladies at Family Court, Labasa.	<ul style="list-style-type: none"> ✓ From 31/07/14 quantum of 50% is being paid whilst on suspension. ✓ Total quantum paid as at pay 13/2015 - \$5,825.17 ✓ The officer is still on quantum since the outcome of disciplinary proceedings is still pending.
92952	17/03/14	The officer as an Assistant Court Officer (Magistrates Court Tailevu) misappropriated government revenue amounting to \$107.25 and failed to do daily banking.	<ul style="list-style-type: none"> ✓ From 19/09/14 quantum of 50% is being paid whilst on suspension. ✓ Total quantum paid as at pay 13/2015 - \$5,129.64. ✓ The officer is still on quantum since the outcome of disciplinary proceedings is still pending.

The above indicates the failure of the disciplinary unit in taking the necessary actions against the officers pending disciplinary proceedings.

Recommendations

- **The Head of Disciplinary Unit should ensure that at least an investigation report is prepared within three months following the suspension of the concerned officer.**
- **The internal control procedures in the Disciplinary Unit, specifically supervisory checks should be strengthened to avoid such discrepancies.**

Department's Comment

The delay for the setting up of the Judicial Department Disciplinary Tribunal [JSCDT] has contributed to the delay in the process. The Tribunal was set up in December 2014. So far our Tribunal [JSCDT] had cleared 5 cases which were pending since 2012.

Tabulated below is the progress of each case highlighted in the audit query:

EDP NO.	Suspension Date	Reason for Suspension	Audit Remarks	Department's Response to Audit Query
63070	18/07/14	The officer had misappropriated government revenue amounting to \$3,788.75 and Trust money amounting to \$865.00. She was the Revenue Collector for Magistrate's Court Rakiraki. She had also failed to report the misappropriation of revenue made by her supervisor.	<p>From 01/01/15 quantum of 50% is being paid whilst on suspension.</p> <p>Total quantum paid as at pay 13/2015 - \$3,164.72.</p> <p>The officer is still on quantum since the outcome of disciplinary proceeding is still pending.</p>	<p>Investigation report submitted on 18/07/14, suspended for misappropriating government revenue amounting to \$3,788.75 and Trust money amounting to \$865.00 together with [Officer-in-charge Rakiraki].</p> <p>The suspension letter was served on 19/07/14 by Deputy Registrar (DR) West.</p> <p>The matter was reported to Police by DR (W). On 31/12/14 she had requested for quantum salary which was approved by the Department to be paid from 01/01/15. As per our internal minute dated 27/1/15, suspended</p>

EDP NO.	Suspension Date	Reason for Suspension	Audit Remarks	Department's Response to Audit Query
				officer's Disciplinary File was submitted to the Deputy Registrar [West] to vet the draft disciplinary charges. Officer has been paid 50% quantum salary due to the delay in laying charges to the officer.
91897	18/06/14	Failed to adhere to the directives given, regarding his posting to Magistrate's Court Nadi.	From 14/10/14 quantum of 50% is being paid whilst on suspension. Total quantum paid as at 13/2015 - \$4,521.03.	Draft charges submitted to the DR (W) to vet the charges before it is filed in the JSCDT. As per our internal minute dated 27/01/15, the draft disciplinary charges were submitted to the DR (W) for vetting before it is filed in the JSCDT. Awaiting for the vetted charges.
93572	04/06/14	Officer assisted an accused in preparing mitigation documents and received the documents in the registry without being stamped.	From 02/09/14 quantum of 50% is being paid whilst on suspension. Total quantum paid as at pay 2/2015 - \$2,2573.52	On 3/11/14 our investigation was completed. His letter was served on 03/06/14. He had requested for quantum salary on 15/7/14 due to financial constraints. On 2 nd September, 2014 approval was given for quantum of salary. On 16/2/15 The suspended officer was summarily dismissed for breaching para 4 of his suspension letter dated 28/05/14.
93587	26/03/14	Manipulated the sick sheet by altering the resumption date.	From 31/07/15 quantum of 50% is being paid whilst on suspension. Total quantum paid as at pay 13/2015 - \$5,651.28.	Matter reported to Central Police Station. On 20/03/14 Police Charged her for two counts of forgery On 26/02/14 matter was investigated and report submitted and Suspension letter served on 25/03/14. Case 542/14 pending in Magistrate's Court Criminal Suva. [coming up for Mention – 18/11/15] Currently awaiting the vetted disciplinary charges from A/Principal Legal Officer Legal Practitioners Unit.
92033	30/07/14	The officer misappropriated government revenue amounting to \$3,788.75 and Trust money amounting to \$865.00 between 4/7/14 to 15/7/14 whilst employed with Judicial Department in Rakiraki.	From 12/11/14 quantum of 50% is being paid whilst on suspension. Total quantum paid as at pay 13/2015 - \$4,016.77. The officer is still on quantum since the outcome of the disciplinary proceedings is still pending.	Investigation report submitted on 18/07/14, suspended for misappropriating government revenue amounting to \$3,788.75 and Trust money amounting to \$865.00. The suspension letter was served on 19/07/14 by DR (W). the suspended officer had paid back the total sum. The matter was reported to Police by DR (W). On 12/11/14 the suspended officer had requested for a quantum of salary which

EDP NO.	Suspension Date	Reason for Suspension	Audit Remarks	Department's Response to Audit Query
				was approved by the Department. As per our internal minute dated 27/1/15 the officer's Disciplinary File was submitted to the DR (W) to vet the draft disciplinary charges.
93678	09/04/14	The officer was alleged of sexually harassing his co-workers especially the ladies at Family Court Labasa.	From 31/07/14 quantum of 50% is being paid whilst on suspension. Total quantum paid as at pay 13/2015 - \$5,825.17. The officer is still on quantum since the outcome of the disciplinary proceedings is still pending.	Matter pending in Magistrate's Court Labasa, Criminal Case No : 183/14 & 184/14 for sentencing on 13/10/15 to 14/10/15. The suspension letter was served on 09/04/14 because he was charged by Police for one count of sexual assault case # 184/14. On 24/07/14 the officer wrote for a quantum of salary as per his suspension letter dated 08/04/14. On 31/07/14 50% quantum of salary was granted on humanitarian grounds. As per our internal minute dated 27/01/15, the draft disciplinary charges were submitted to the DR (W) for vetting purposes before it is filed in the JSCDT. Awaiting the vetted charges.
92952	17/03/14	The officer as an Assistant Court Officer [Magistrate's Court Tailevu] misappropriated government revenue amounting to \$107.25 and failed to do daily banking.	From 19/09/14 quantum of 50% is being paid whilst on suspension. Total quantum paid as at pay 13/2015 - \$5,129.64.	Investigation report was submitted on 13/03/14 and the officer was suspended from 17/03/14 for misappropriating government revenue amounting to \$107.25. On 30/09/14 Officer-in-Charge Tailevu Magistrate's Court reported that the suspended officer had also misappropriated \$1,000.00 being the Trust Money and \$90.00 government revenue. These two incidents had been reported to Police who are yet to charge him. On 02/01/15, the draft charges were submitted to the DR (W) for vetting. Disciplinary Unit is yet to receive the final disciplinary charges.

10.9 Anomalies in Capital Construction Works

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.⁵

⁵ Judicial Finance Manual 2013 – Part 2 Introduction - Expenditure

Waiver of the tender process was granted by the Acting Minister of Finance for the renovation and relocation works of Parliament to Government Building, at a total cost of \$1,985,023.42 VIP (inclusive of 20% contingency).⁶

The contract for construction of the new tribunal Court No. 2 and Registry at Government Buildings, Suva was awarded to a contractor at the cost of \$148,637.37 on fixed lump sum contract for the duration of nine weeks, with 10% as retention fee inclusive of the tendered price.⁷

The following anomalies have been noted in capital construction works:

- A contract sum of \$1,871,756.60 for consultancy works for design, supervision, commissioning and fit-outs for Lautoka High Court Complex was approved. Audit noted that a variation work of \$86,135 has been performed by the contractor, however, no approval for variation work was provided for audit verification.
- The renovation and relocation works of Parliament to Government Building included a contract sum of \$1,272,512.97 awarded to another contractor. Also, 20% contingency is approved, thus, the total contract sum inclusive of contingency is \$1,527,015.56. However, as per the last claim (Progress Payment Certificate No. 5) submitted by Director Buildings and Government Architect, the value of work performed to date was \$1,561,323.98. Thus, variation of \$34,308.42 is noted compared to the total contract sum inclusive of contingency. No approval for variation work was provided for audit verification.
- Audit also noted that the retention fee has been reduced for all the contractors during the final payment without any amendments to the contracts or approval from the Government Tender Board. Refer to Table 10.8 for details.

Table 10.8: Changes to Retention Rate during Final Payment

Project	Initial Retention Rate	Retention Rate Used during last payment
New Tribunal Court and Registry	10%	5%
Government Building Offices Refurbishment	10%	5%
High Court Refurbishment	5%	1%

Approval for variations and changes to retention rates were not made available for audit. Lack of approval would imply that the contracts were overpaid.

Recommendations

- **The Department should properly monitor contract works and payment to ensure that they are carried out within the contract terms and conditions.**
- **The internal control procedure in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

⁶ Correspondence from Attorney General and Acting Minister of Finance dated 06/06/14

⁷ Tender No. WSC 256/2012 – Contract for Construction of the New Tribunal Court No. 2 & Registry at Government Buildings – Judicial Department

Department's Comment

The Accounts Section keeps record and ensures that the total payments made do not exceed the amount as approved by the Government Tender Board or the amount approved by way of waiver. As for the technical side of the contract, it is for the project officers as well as DBGA to monitor. Therefore the Internal Control Procedures in Accounts Section are in place and as such no discrepancies in payments have been made or will be made.

We had requested for an explanation from the Director Buildings and Government Architect for an explanation as he would be in a better position to do this. However to date we are yet to receive his reply and it would delay the submission of this response.

Section 11 Parliament Office

Role and Responsibilities

The primary function of the Parliament is provided for under Section 46(1) of the Constitution of the Republic of Fiji which states that: “the authority and power to make laws for the State is vested in Parliament consisting of the Members of Parliament and the President and is exercised through the enactment of Bills passed by Parliament and assented to by the President”.

The core business of the Parliament is to provide secretariat support and services to enable the Parliament of the Fiji Islands to perform the above functions.

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PART A: FINANCIAL STATEMENT

11.1 Audit Opinion

The audit of the 2014 accounts of the Parliament Office resulted in the issue of an unqualified audit report.

11.2 Statement of Receipts and Expenditure

The Parliament Office recorded revenue totalling \$1,793 and incurred expenditure totalling \$5,108,271 in 2014.

Table 11.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue	1,793	152
Agency Revenue	---	2,832
TOTAL REVENUE	1,793	2,984
EXPENDITURE		
Operating Expenditure		
Established Staff	986,586	176,666

Description	2014 (\$)	2013 (\$)
Government Wage Earners	246,701	214,300
Travel & Communications	126,747	56,478
Maintenance & Operations	177,489	116,041
Purchase of Goods & Services	425,276	115,427
Special Expenditures	187,772	305,508
Total Operating Expenditure	2,150,571	984,420
Capital Expenditure		
Capital Construction	2,376,301	---
Capital Purchase	90,870	---
Total Capital Expenditure	2,467,171	---
Value Added Tax	490,529	41,486
TOTAL EXPENDITURE	5,108,271	1,025,906

Total expenditure increased by \$4,082,365 or 398% in 2014 compared to 2013. The increase was due to the opening of Parliament in October 2014 and related expenditures pertaining to it.

11.3 Appropriation Statement

The Parliament Office incurred expenditures totalling \$5,108,271 in 2014 against the revised budget of \$7,069,960 resulting in a savings of \$1,961,689 or 28%. Details of expenditures against the budget estimates are provided in Table 11.2.

Table 11.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,794,208	(1,030,000)	1,764,208	986,586	777,622
2	Government Wage Earners	297,228	(30,000)	267,228	246,701	20,527
3	Travel & Communications	423,000	(250,000)	173,000	126,747	46,253
4	Maintenance & Operations	589,000	(312,000)	277,000	177,489	99,511
5	Purchase of Goods & Services	762,000	(285,000)	477,000	425,276	51,724
7	Special Expenditures	761,234	(430,000)	331,234	187,772	143,462
	Total Operating Expenditure	5,626,670	(2,337,000)	3,289,670	2,150,571	1,139,099
	Capital Expenditure					
8	Capital Construction	500,000	2,337,000	2,837,000	2,376,301	460,699
9	Capital Purchase	424,390	---	424,390	90,870	333,520
	Total Capital Expenditure	924,390	2,337,000	3,261,390	2,467,171	794,219
13	Value Added Tax	518,900	---	518,900	490,529	28,371
	TOTAL EXPENDITURE	7,069,960	---	7,069,960	5,108,271	1,961,689

PART B: AUDIT FINDINGS

11.4 Capital Expenditure and Renovation of Parliament

The Auditor General shall satisfy himself that expenditure has been properly authorized and applied to the purposes for which funds were appropriated by Parliament and has been otherwise properly accounted for and that the regulations and procedures applied are sufficient to secure an effective

control over expenditure, and that it has been incurred with due regard to economy and avoidance of waste and extravagance.¹

The Agency Financial Statement (AFS) of Parliament stated its Total Capital Expenditure exclusive of VAT as \$2,467,171. The AFS does not include other expenses budgeted and paid from the Ministry of Finance Head 50 – Miscellaneous Expenditure vote totalling \$3,474,095 and other services and work received as grant.

Refer Table 11.3 for Parliament renovation works recorded in the Ministry of Finance general ledger system.

Table 11.3: Detail of Parliament Expenditure Recorded by Ministry of Finance

Allocation	Description	Amount (\$)
1-50101-50999-071499	Parliament Renovation Works	2,990,067
1-50101-50999-130101	PMT for Repair Work @ Parliament Office – VAT Portion	484,028
Total		3,474,095

The Disclosure of all expenses relating to the Capital works carried out in Parliament is necessary for the completeness and accuracy of the expenditure assertions in the AFS.

Recommendations

- **The Parliament office should also disclose other expenditure incurred for its operations and maintenance which are paid for by the Ministry of Finance and other donors.**
- **The Parliament office should ensure that records for assistance received from other donor agencies are properly accounted for and submitted to audit upon request.**

Parliament Office Comments

The Parliament Office requested for additional provision of \$4.251m last year in addition to the \$500k appropriation for the refurbishment and renovation of the New Parliament, Government Buildings. The total estimated cost of the project was \$7.71m which was not budgeted for. Ministry of Finance released \$3.71m and credited the department's SLG84 account. The office utilised \$3.474m and sent the acquittals to Ministry of Finance.

The Parliament Office ensures it will disclose any other expenditure incurred and paid for by Ministry of Finance or any other institution for future reference.

11.5 Anomalies in Capital Work

The “Guiding Principles of Procurement” requires that any procurement of goods, services or works shall be issued so as to promote the following principles:

- value for money;
- maximise economy and efficiency and the ethical use of Government resources;
- promote open and fair competition amongst suppliers and contractors;
- promote the integrity of, fairness and public confidence in the procurement process; and
- achieve accountability and transparency in the procedures relating to procurement.²

¹ Audit Act Cap. 70 Section 6 (2) (c)

Where the Board has given approval not to seek tenders, they must do so in writing. If it is impractical to comply with regulation 30 sub regulation (1) in relation to the provision of urgent infrastructure development and services, The Minister for Finance may on this basis exempt such particular infrastructural services from complying with regulation 30 sub regulation 1.³ The procurement limit delegated to the Major Tender Board has been amended to \$50,001 or more.⁴

On 31/12/14 the Parliament Office recommended and paid Construction Company for the order and installation of two durasound Won-Door valued at \$125,325.96. Audit noted the following anomalies in the procurement:

- The installation was not part of the contract for the refurbishment of offices for the Parliament office;
- The Parliament office did not obtain tender board approval. The procurement was approved by the Solicitor General even though the purchase was above his authorized limit;
- An advance payment of \$125,325.96 on cheque 23431A dated 31/12/14 was made to the contractor without certification of work progress;
- An unexplained variance of \$28,814.04 was paid to the contractor in excess of the amount quoted from the overseas supplier.

While the need for goods may have been necessary and urgent, it certainly does not require deviations from policies and guidelines governing the purchase of good and services. This could result in unauthorised procurement and over expenditure.

Recommendations

- **The Parliament Office must ensure to call for tender of any procurement of goods and services worth \$50,001 or more.**
- **The Parliament Office should seek the Minister of Finance approval for waiver of tender in case of emergency work.**
- **The Parliament Office must ensure that payments to contractors are made based on the progress reports submitted by the Director Buildings and Governments Architects.**
- **The Parliament Office should recover the overpayment from the Contractor.**
- **Stipulated procurement regulations and procedures should be strictly adhered to as costs and losses associated with them are high.**

Parliament Office Comments

The installation of the Dura sound Won-Door was approved by the Office of the Solicitor-General on 03/09/15. The Parliament office was under the Attorney-General's ministerial portfolio headed by the Office of the Solicitor-General in 2014 at the time of approval. However, the Secretary-General to Parliament ensures it will strictly follow policies and regulations in place pertaining to procurement of goods and services above her approved limit of \$50,000.

² Procurement Regulations 2012 - Section 3 (1)

³ Procurement Regulations 2012 - Section 30 (1)

⁴ Finance Circular No. 9/2012

11.6 Anomalies in Parliament Renovation Works

The Financial Management Act requires Permanent Secretaries to manage its finances in a responsible and prudent manner. In terms of procurement, Permanent Secretaries need to ensure that all the appropriate policies, procedures and guidelines are in place to achieve the best value for money.⁵ A written contract or agreement must be entered into with the approved bidder for the supply of the goods, services or works tendered. Legal advice must be sought on the draft contract or agreement.⁶ The procurement limit delegated to the Major Tender Board has been amended to \$50,001 or more.⁷ If it is impractical to comply with regulation 30 sub regulation (1) (above) in relation to the provision of legal services, the Attorney General may apply to the Minister for Finance to be exempted from Regulation 30 (1). If it is impractical to comply with regulation 30 sub regulation (1) in relation to the provision of urgent infrastructure development and services, The Minister for Finance may on this basis exempt such particular infrastructural services from complying with regulation 30 sub regulation 1.⁸

Audit noted that the Parliament office engaged the services of three contractors whose contract costs were more than \$50,001 to carry out the renovation works at the Parliament complex without calling for tender or waiver of tender. The contractors were engaged through Expression of Interest which was approved by the Solicitor General even though the cost of the work exceeded his procurement approval limit. Refer Table 11.4 for details.

Table 11.4: Details of Contractors without Tender Board Approval

Contractor	Description	Contract Sum (\$)
Building Design	Building Design Consultancy	304,296
Architecture	Architectural Consultancy	230,000
Surveillance and Security	Security Access & CCTV	159,598
Total		693,894

Audit further noted that no written contract or agreement was executed between the Parliament office and some of the contractors that were engaged in the renovation works. Refer Table 11.5 for details.

Table 11.5 Details of Contractors without Written Contract

Type of Contractor	Description	Contract Sum (\$)
Water Proofing	Water Proofing	112,119
Electrical	Electrical	530,975
Mechanical	Mechanical	861,120
Fire Alarm	Fire Alarm	361,423
Data Cabling	Data/ Voice	481,284
Joinery	Joinery Chambers	129,480
Surveillance and Security	Security Access & CCTV	159,598

This could allow room for collusion or unfair opportunities to other similar service providers and uneconomical service engagement.

This could be catalyst to abuse, misappropriation and could result in wastage of taxpayer's funds.

⁵ Finance Circular No. 3/2013

⁶ Parliament Office Finance Manual 2013 – Section 2.4.18

⁷ Procurement Regulations 2012 section 30 (1)

⁸ Procurement Regulations 2012 section 48 (3), (4)

Recommendations

- **The Parliament office must ensure that procurement of major goods and services is facilitated with written contracts or agreement.**
- **The Parliament office should strictly comply with the provision of procurement regulations and obtain tender board's approval or waiver for works worth \$50,001 or more.**

Parliament Office Comments

The three contractors were engaged and approved by the Office of the Solicitor General to provide consultancy services during the refurbishment and renovations of the New Parliament in October 2014. However, the Secretary-General to Parliament ensures that regulations and policies in place will be strictly followed in future dealings pertaining to capital projects.

11.7 Follow up on Recovery of Funds Paid for Incomplete Renovation Works

The *Accounts Officer* must not certify a payment as correct unless satisfied that:

- i. it is in accordance with an LPO, indent, contract, invoice, statement or other authorisation;
- ii. there is documentation that the goods, services or works have been received;
- iii. sufficient uncommitted funds are available for payment of the account;
- iv. the account is not fraudulent and has not been previously paid;
- v. the expenditure account it is charged to is correct.⁹

Audit highlighted in the 2012 audit report that the Parliament office made a contract payment totalling \$426,690 to a Construction and Building Design company for the capital works at the Veitu Parliamentary Complex including renovation to the roof of the main parliamentary complex. The Ministry of Work assessed that only 22% of the work were completed.

In response to the 2012 Audit findings¹⁰ the Parliament office stated that a Parliament Renovations Project Committee was established to oversee renovations and recover funds from the contractor.

Follow up on prior years capital expenditure audit found delays of recovery actions for either the sum paid to the Construction and Building Design Company or the roofing materials purchased for Veitu Complex.

Recommendations

- **The Secretary General to Parliament should liaise with the Solicitor General's Office to recover the substantial payments made for the incomplete work and the recovery of damages.**
- **Recovery of purchased materials should also be considered.**
- **Officers found negligent should be disciplined.**

Parliament Office Comments

The Office of the Solicitor-General has filed a case in 2014 against the contractor. The Parliament will await the court's decision before proceeding with the recommendations.

⁹ Parliament Office Finance Manual 2013 – Section 2.8.4

¹⁰ Report of the Auditor General of the Republic of Fiji 2012 – Volume 2, Section 11.4, Page 3

Section 12

Accountability, Transparency, Human Rights and Anti-Discrimination Commissions

Role and Responsibilities

The 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.

The Human Rights and Anti-Discrimination Commission has a responsibility to ensure that Fiji's human right laws are respected through a three-fold perspective; educating the public, advising government about its obligation in International law, and receiving and acting complaints from the public.

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PART A: FINANCIAL STATEMENT

12.1 Audit Opinion

The audit of the 2014 financial statement of the Accountability, Transparency, Human Rights and Anti-Discrimination Commission resulted in the issue of an unqualified audit report.

12.2 Statement of Receipts and Expenditure

The Office incurred a total expenditure of \$550,000 in 2014. Refer to Table 12.1 for details.

Table 12.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
EXPENDITURE		
Operating Expenditure		
Maintenance & Operations	---	64
Purchase of Goods & Services	---	801
Operating Grants & Transfers	550,000	412,500
Total Operating Expenditure	550,000	413,365
Value Added Tax	---	128
TOTAL EXPENDITURE	550,000	413,493

The increase in operating grants and transfers by \$137,500 or 33% in 2014 was due to the full disbursement of budgeted funds to Human Rights and Anti- Discrimination Commission. The budgeted fund was not fully disbursed to Human Rights and Anti- Discrimination Commission in 2013.

12.3 Appropriation Statement

The Office incurred expenditures totalling \$550,000 against the revised budget of \$550,000. Details of expenditures against the budget estimates are provided in Table 12.2.

Table 12.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Operating Expenditure					
1	Established Staff	---	---	---	---	---
2	Government Wage Earners	---	---	---	---	---
3	Travel & Communication	---	---	---	---	---
4	Maintenance & Operations	---	---	---	---	---
5	Purchase of Goods & Services	---	---	---	---	---
6	Operating Grants & Transfers	1,285,070	(735,070)	550,000	550,000	---
7	Special Expenditure	---	---	---	---	---
	Total Operating Costs	1,285,070	(735,070)	550,000	550,000	---
13	Value Added Tax	---	---	---	---	---
	TOTAL EXPENDITURE	1,285,070	(735,070)	550,000	550,000	---

In 2014, the Cabinet approved the re-deployment of \$735,070 from Accountability, Transparency, Human Rights and Anti-Discrimination Commission's Budget to Fiji Roads Authority.

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 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' Courts are processed by the Director of Public Prosecutions Office. Under the 2013 Constitution, Section 117, Subsection (8) a – d, the Director of Public Prosecutions may:

- (a) institute and conduct criminal proceedings;
- (b) take over criminal proceedings that have been instituted by another person or authority (except proceedings instituted by the Fiji Independent Commission Against Corruption);
- (c) discontinue, at any stage before judgment is delivered, criminal proceedings instituted or conducted by the Director of Public Prosecutions or another person or authority (except proceedings instituted or conducted by the Fiji Independent Commission Against Corruption); and
- (d) intervene in proceedings that raise a question of public interest that may affect the conduct of criminal proceedings or criminal investigations.

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PART A: FINANCIAL STATEMENT

13.1 Audit Opinion

The audit of the 2014 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 \$5,494 and incurred a total expenditure of \$4,489,294 in 2014.

Table 13.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
Commission	5,384	7,481

Description	2014 (\$)	2013 (\$)
Agency revenue	110	---
TOTAL RECEIPTS	5,494	7,481
EXPENDITURE		
Operating		
Established Staff	2,463,914	1,999,673
Government Wage Earners	182,121	170,060
Travel & Communications	238,453	196,670
Maintenance & Operations	327,753	341,547
Purchase of Goods & Services	900,653	887,086
Special Expenditures	117,761	91,806
Total Operating Expenditure	4,230,655	3,686,842
Value Added Tax	258,639	260,133
TOTAL EXPENDITURE	4,489,294	3,946,975

Total expenditure increased by \$542,319 or 14% in 2014 compared to 2013. The increased expenditure was mainly attributed to the increase in established staff due to the appointment of three new Assistant Director of Public Prosecutions. There was also increase in travel communication due to subsistence and accommodation costs for State Counsels attending Court matters at other stations.

13.3 Appropriation Statement

The Office incurred expenditure totalling \$4,489,294 in 2014 against the revised budget of \$5,525,713 resulting in savings of \$1,036,419 or 19%.

Details of expenditures against the budget estimates are provided in Table 13.2.

Table 13.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,994,573	(33,000)	2,961,573	2,463,914	497,659
2	Government Wage Earners	161,544	33,000	194,544	182,121	12,423
3	Travel & Communication	256,700	6,000	262,700	238,453	24,247
4	Maintenance & Operations	327,200	80,000	407,200	327,753	79,447
5	Purchase of Goods & Services	1,346,596	(86,000)	1,260,596	900,653	359,943
7	Special Expenditure	130,000	---	130,000	117,761	12,239
	Total Operating Expenditure	5,216,613	---	5,216,613	4,230,655	985,958
13	Value Added Tax	309,100	---	309,100	258,639	50,461
	TOTAL EXPENDITURE	5,525,713	---	5,525,713	4,489,294	1,036,419

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 31/12/14.

13.5 Trust Fund Account Statement of Receipts and Payments

Table 13.3: Trust Fund Account Statement of Receipts and Payments 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
Forfeited Assets Fund	694	100,384
DPP Trust Account	79	80
Total Receipts	773	100,464
PAYMENTS		
Forfeited Assets Fund	1.60	89,038
DPP Trust Account		11,399
Total Payments	1.60	100,437
Net (Deficit)/Surplus	771.78	27
Opening Balance as at 1 January	177,885	177,858
Closing Balance as at 31 December	178,657	177,885

The Trust fund account consists of balances held for forfeited assets and Director of Public Prosecutions trust account.

Section 14 Ministry of Justice, Anti-Corruption and Communications

Roles and Responsibilities

Department of Justice

The Ministry of Justice is responsible for the efficient and effective administration of the legal registries under its portfolio in upholding Section 139 and 173 of the Constitution. The Ministry deals specifically with the registration of land titles, births, deaths, marriages, companies, business names, credit unions, money lenders, bankrupt people, wound up companies and the management of its Corporate Services.

Department of Communications

The Department of Communications provides policy advice, implements initiatives and facilitates programs to improve the quality and delivery of cost-effective and competitive telecommunications and postal services throughout Fiji.

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PART A: FINANCIAL STATEMENTS

14.1 Audit Opinion

The audit of the 2014 accounts for the Ministry of Justice, Anti-Corruption and Communication resulted in the issue of a qualified audit report. The qualifications are as follows:

- The Statement of Losses (other than money) could not be substantiated as the Board of Survey was not done contrary to Section 49 (2) of the Finance Instruction 2010.
- A variance of \$12,089,982.29 exists between the Telecommunications Development Trust Fund cash at bank account balance in the Financial Management Information System (FMIS) and the Telecommunication Development Trust Fund Bank Reconciliation balance as at 31 December 2014. Contrary to Section 32 (6) and 58 (3) of the Finance Instruction 2010, the monthly reconciliation for 2014 were not verified, signed and dated by the responsible officer. As a result,

audit could not ascertain the trust fund cash at bank account balance or whether all receipts and payments have been accurately accounted in the main trust fund accounts.

14.2 Statement of Receipts and Expenditure

The Ministry collected revenue totaling \$1,451,347 and incurred expenditure totaling \$5,442,778 in 2014. Refer Table 14.1 for details.

Table 14.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
Miscellaneous Fees	673,619	605,581
Registration Fees	726,943	718,369
Licenses Fees	47,825	5,183,709
Other State Revenue	1,281	74
Total State Revenue	1,449,668	6,507,733
Agency revenue		
Other Agency Revenue	1,679	490
TOTAL REVENUE	1,451,347	6,508,223
EXPENDITURE		
Operating		
Established Staff	2,072,922	1,815,073
Government Wage Earners	150,136	123,757
Travel and Communications	221,138	161,030
Maintenance and Operations	512,230	442,541
Purchase of Goods and Services	200,324	146,726
Operating Grants and Transfers	851,293	691,231
Special Expenditure	526,200	271,070
Total Operating Expenditure	4,534,243	3,651,428
Capital Expenditure		
Construction	28,665	485,409
Purchase	555,984	208,692
Total Capital Expenditure	584,649	694,101
Value Added Tax	323,886	236,854
TOTAL EXPENDITURE	5,442,778	4,582,383

Total revenue decreased by \$5,056,876 or 78% in 2014 due to no further sales of 4G licenses and spectrum auctions. Total expenditure increased by \$860,395 or 19% in 2014 compared to 2013 mainly due to increase in staff salaries and wages, grant for Telecommunication Authority (TAF), PITA member subscriptions, filling of vacant project positions and increased capital purchases.

14.3 Appropriation Statement

The Ministry incurred expenditure totaling \$5,442,778 in 2014 against the revised budget of \$7,143,877 resulting in a savings of 1,701,099. Details of expenditure against the budget estimate are provided in Table 14.2.

Table 14.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,158,291	30,000	2,188,291	2,072,922	115,369
2	Government Wage Earners	151,796	---	151,796	150,136	1,660
3	Travel & Communications	348,444	(58,697)	289,747	221,138	68,609
4	Maintenance & Operations	564,720	12,843	577,563	512,230	65,333
5	Purchase of Goods & Services	240,619	2,184	242,803	200,324	42,479
6	Operating Grants & Transfers	1,843,190	---	1,843,190	851,293	991,897
7	Special Expenditures	1,526,718	(768,907)	757,811	526,200	231,611
	Total Operating Expenditure	6,833,778	(782,577)	6,051,201	4,534,243	1,516,958
8	Construction	---	28,665	28,665	28,665	---
9	Purchase	420,000	253,911	673,911	555,984	117,927
	Total Capital Expenditure	420,000	282,576	702,576	584,649	117,927
13	Value Added Tax	465,100	(75,000)	390,100	323,886	66,214
	TOTAL EXPENDITURE	7,718,878	(575,001)	7,143,877	5,442,778	1,701,099

In 2014, Cabinet approved the redeployment of \$575,000 from the Ministry's budget to the Fiji Road Authority.

14.4 Telecommunication Development Trust Statement of Receipts and Expenditure

The trust account is for the Telecommunication Development Trust Fund Account maintained by the Department of Communication.

Table 14.3: Telecommunication Development Trust Statement of Receipts and Expenditure for 2014

Descriptions	2014 (\$)	2013 (\$)
RECEIPTS		
Receipts	12,885,296	3,521
Total Receipts	12,885,296	3,521
PAYMENTS		
Payments	2,379,717	520,461
Total Payments	2,379,717	520,461
Net Surplus/(Deficits)	10,505,579	(516,940)
Balance as at 1 January	2,906,717	3,423,658
Balance as at 31 December	13,412,296	2,906,718

Substantial increase was noted in trust revenue in 2014 due to increases in receipts from Communication entities including Digicel, Vodafone, Kidanet, e.t.c. in 2014. On the other hand, the expenditure increased by \$1,859,256 or 357% in 2014 compared to 2013 due to opening up of new telecentres around the country in 2014.

PART B: AUDIT FINDINGS**14.5 Board of Survey not conducted**

Annual board of survey must be conducted by 3 officers who are independent of the officer responsible for the custody of the assets. A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.¹

The audit noted that the Ministry has not conducted the board of survey for 2014.

Without a board of survey, the Statement of Losses (Other than money) cannot be substantiated. This forms as a qualification basis to the agency financial statement for the Ministry.

Recommendation

The Accounting Head should ensure that a Board of Survey is conducted and the resulting loss report is prepared in accordance with Section 49 of the Finance Instruction for inclusion in the Statement of Loss.

Ministry's Comments

No comments received

14.6 Anomalies in Telecommunication Development Trust Fund Account

Each month the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation should be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.²

The Accounts Officer shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents. Details of balances must be attached to the reconciliation statement.³

The audit noted a variance of \$12,089,982.29 exists between the Telecommunication Development Trust Fund Account cash at bank account balance in the Financial Management Information System (FMIS) and the bank reconciliation balance as at 31 December 2014. Refer Table 14.4 for details.

Table 14.4: Variance in Telecommunication Development Trust Account

Details	Amount (\$)
FMIS Cash Balance (9-36301-36001-520000)	13,412,296.19
Bank Reconciliation Balance as at 31/12/14	1,322,313.90
Variance	12,089,982.29

Additionally, a variance of \$35,808.29 exists between the Telecommunication Development Trust Fund Account balance in the Financial Management Information System (FMIS) and the balance

¹ Finance Instruction 2010 – Section 49(2)

² Finance Instruction 2010 – Section 58(3)

³ Finance Manual 2013- Section 14.4.3

disclosed in the Trust Fund statement of receipts and payments which was also the cash at balance in FMIS. Refer Table 14.5 for details.

Table 14.5: Variance in Telecommunication Development Trust Account

Details	Amount (\$)
FMIS Trust Fund Account Balance (9-36301-36001-895041)	13,376,487.71
Trust Fund Account Statement of Receipt and Expenditure/ FMIS Cash Balance (FMIS Cash Balance (9-36301-36001-520000))	13,412,296.00
Variance	35,808.29

The monthly reconciliations for 2014 have not been checked, verified and signed off by the Principal Accounts Officer.

As a result, audit could not ascertain the trust fund cash at bank account balance or whether all receipts and payments have been accurately accounted in the main trust fund accounts. The variance of (\$12,089,982.29) has led to the qualification of the Ministry's agency financial statement.

Recommendations

- **The Principal Accounts Officer must ensure that monthly reconciliation is checked, verified and signed off. Any un-reconciled item(s) must be promptly investigated and resolved.**
- **The Department of Communication should investigate and rectify the variance that exists in the cash at bank balance.**

Ministry's Comments

No comments received

14.7 Unreconciled Drawings Account

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.⁴ The Principal Accounts Officer must verify balances in the bank reconciliation to the cashbook, bank statements, unrepresented cheque list and the previous month's bank reconciliation before certifying it.⁵

The audit noted a variance of \$54,346.76 between the general ledger (FMIS) and the Department's reconciliation relating to the drawings account. Refer Table 14.6 for details.

Table 14.6: Variance in Drawings Account

Details	Amount (\$)
FMIS	384,038.49
Department's Reconciliation	438,385.25
Variance	54,346.76

⁴ Finance Instruction 2010 – Section 32(6)

⁵ Justice Finance Manual 2013 – Part 6 Section 6.4.10

The Department could have avoided the above anomaly had they been more vigilant in reconciling the variances and getting them adjusted accordingly.

Recommendation

The Accounting Head should reconcile its monthly Drawings Account reconciliation with the FMIS balances and any variances noted should be investigated and adjusted accordingly.

Ministry's Comments

No comments received

14.8 Continuous Re-engagement of Officer and Absence of a Succession Plan

The re-engaged officers will include the approved scarce skills officers like doctors, nurses, teachers, engineers, veterinarians, quantity surveyors, land surveyors, draftsmen/architects, designers, hydrologists, scientists and researchers.⁶

Against all re-engaged officers, Permanent Secretaries and Head of Department's must identify a clear succession plan to ensure the continuity of service before the re-engaged retirees finally retire from the service. Re-engagement contracts should no more than twelve months in each instance.⁷

The Permanent Secretary of each ministry with the agreement of the Minister responsible for the ministry has the authority to determine all matters pertaining to the employment of all staff in the ministry.⁸

The audit noted the following anomalies with regards to the re-engagement of Officer EDP number 45075 to Senior Administration Officer and acting Administrator General:

- Officer retired on 17/08/12 and was re-engaged to the Service for 1 year term in 2012 but has been continuously reengaged till to date. Refer Table 14.7 for re-engagement details.

Table 14.7: Re-Engagement Details

EDP Number	Position	Date of Re-engagement
45075	Senior Administrative Officer	1) 18/08/12 – 18/08/13 2) 18/08/13 – 18/08/14 3) 18/08/14-17/08/15

- The post of Senior Administration Officer and Administrator General are not included in the approved scarce skills category.
- The Ministry of Justice does not have any succession plan in place to ensure that a suitable candidate is selected after the re-engagement period of the re-engaged officer;

⁶ PSC Circular 24/2009 – Re-engagement of Retired Civil Servants.

⁷ PSC Circular 24/2009 – Re-engagement of Retired Civil Servants.

⁸ Section 127 (8) –Constitution of the Republic of Fiji, 2013.

- It was noted that in the year 2012, an appointment was made for an administrative officer to be an understudy to the acting Administrator General, however, the officer resigned. Following this, no other action was taken by the Ministry to appoint an understudy for the post of administrator General;
- On 03/02/2015, the Officer EDP 45075 wrote to the Acting Permanent Secretary/Solicitor General stating his current re-engagement contract will expire on 17/08/15 and in light of that he is willing to have his contract extended for a further 1 year. Subsequently, on 04/02/15, the Acting Permanent Secretary/ Solicitor General approved his re-engagement well before expiration of current re-engagement contract;
- The ministry was not able to provide for audit the performance review, successor review and medical review done to support the renewal of the contract extension.

In the absence of a succession plan, a suitable candidate with the right calibre may not be trained to take over the responsibilities of an Administrator General. As a result, the officer EDP 45075 has been continuously re-engaged from 2012.

Recommendation

The Ministry must ensure that a succession plan is in place.

Ministry's Comments

No comments received

14.9 Fees and Charges

The fees to be paid to the registrar under this Act shall be such as may, from time to time, be prescribed by the Minister⁹.

The rates for fees and charges in the Companies office are stipulated in the Companies act incorporated in 1985. The Money lender Act was last revised in 1977.

Apart from the VAT portion adjustments, the fees and charges has not been reviewed in order to reflect the current cost of providing the services. Refer to **Appendix 14.1** for examples.

Without regular reviews of the fees and charges, services may have been provided below sustainable or equitable levels.

These issues were highlighted in the 2013 Audit Report; however audit noted there has not been any change in the fees and charges.

Recommendation

The Registrar of Companies should ensure that the fees and charges are regularly reviewed to sustainable or equitable levels.

Ministry's Comments

No comments received

⁹ Companies Act section 384

Appendix 14.1: Current Fees and Charges by the Ministry

Service Type	VIP Amount (\$)
Registration Fee – Individual (Forms bought from Govt. Book Shop)	1.15
Registration Fee – Firm (Forms bought from Govt. Book Shop)	1.15
Registration Fee – Individual (Forms given in the office)	1.75
Change in particulars – Individual	1.75
Change in Particulars – Firm	1.15
Notice of Cessation – Firm/Individual	1.15
Certificate of Registration (CTC)	2.30
Notice of situation of registered office or any changes therein	4.60
Annual return of company – not having a share capital	5.75
Notice of increase in nominal capital or number of members	4.60
Notice of consolidation	4.60
Notice of the situation of the office where a branch register is kept	4.60
Declaration of compliance	4.60
Consent to act as Director	4.60
List of person who consented to be directors of a company	4.60
Declaration that the conditions of s113(1)(b) and (c) have been complied with	4.60
Declaration that the provisions of s113(2)(b) have been complied with	4.60
Return of allotment	4.60
Particulars of a mortgage or charge	4.60
Particulars of an series of debentures	4.60
Particulars of a mortgage or charge	11.50
Particulars of an issue of debenture	11.50
Declaration verifying memorandum of satisfaction	11.50
Declaration verifying memorandum of partial satisfaction	11.50
Declaration verifying memorandum of disposal of part of property mortgaged	11.50
Particulars of contract relating to shares	4.60
Notice of a appointment of a receiver or manager	4.60
Receiver's or manager's abstract or receipts and payments	4.60
Notice of ceasing to act as a receiver of manager	4.60
Statement of the amount or rate per cent of the commission payable	4.60
Notice of dissenting shareholders	4.60
Notice of non-dissenting shareholders	4.60
Notice of transferee company by non-assenting shareholders	4.60
Notice of application made to the court for the cancellation	4.60
Notice of place where a register of holder of debentures is kept or of any change in that place	4.60
Notice of a place where register of holders of debentures or duplicate thereof is kept or of any change in that place	4.60
Notice of place where register of member is kept or any change in that place	4.60
Letter forwarding statement	4.60

Section 15 **Fiji Corrections Service**

Roles and Responsibilities

Fiji Corrections Services

The Fiji Corrections Service is responsible for the safety and security, the humane treatment and the provision of relevant and appropriate behavioural intervention programmes for all those committed to our custody by the Courts.

Under the framework of the Peoples' Charter for Change Peace and Progress and the Fiji Corrections Act 2006 and the 2013 Constitution, Chapter 2; Section 26, Chapter 5; Section 98,99,100,101,102,118,119, Chapter 6; Section 130, Chapter 7 and 8 , the Department has continuously focused on enhancing the quality of custodial care, reviewing the relevancy and effectiveness of inmates' rehabilitation programmes, developing its human resources capacity and capability, promoting the effective and efficient use of resources and its active participation in the major Government reforms to modernise the service.

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PART A: FINANCIAL STATEMENTS

15.1 Audit Opinion

The audit of the 2014 accounts of the Fiji Corrections Service resulted in the issue of a qualified audit report. The qualifications are as follows:

- Trading and Manufacturing Activity debt \$102,300 as at 31/12/14 was not disclosed in the agency financial statements understating the consolidated TMA – Balance Sheet as at 31 December 2014.
- Prisoners cash trust fund bank statement balance (\$367,452) was not reconciled with the general ledger balance (\$283,580) contrary to section 32 (6) of the Finance Instructions 2010. As such, the correctness and completeness of the trust fund account balance cannot be confirmed.

- The statement of losses recorded unapproved losses: loss of money (\$45,597), estimated loss of assets destroyed in fire (\$150,000) and other items following the board of survey (\$265,207) contrary to section 57(2)(3) of the Finance Instructions 2010.

15.2 Statement of Receipts and Expenditure

The Department collected total revenue of \$62,575 and incurred expenditure totaling \$31,535,997 in 2014. Refer Table 15.1 below for details.

Table 15.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue	51,354	54,470
Miscellaneous Fee	10,733	---
Agency Revenue	488	862
TOTAL REVENUE	62,575	55,332
EXPENDITURE		
Operating		
Established Staff	16,356,376	12,265,202
Unestablished Staff	31,018	34,139
Travel and Communication	510,278	419,803
Maintenance and Operations	1,908,060	1,570,242
Purchase of Goods and Services	3,768,455	3,113,836
Operating Grants and Transfers	11,160	13,300
Special Expenditure	418,504	399,516
Total Operating Expenditure	23,003,851	17,816,038
Capital Expenditure		
Construction	3,957,870	1,384,515
Purchases	2,683,883	---
Total Capital Expenditure	6,641,753	1,384,515
Value Added Tax	1,890,393	932,381
TOTAL EXPENDITURE	31,535,997	20,132,934

Total expenditure increased by \$11,403,063 or 57% in 2014 compared to 2013. This was mainly due to increases in operational costs relating to staff salaries and new recruitments, repair and maintenance costs of fixed assets, office, institutional upkeep, supplies, rations, stores, clothing, uniform and emergency equipment's for 2014 General Elections.

Major increases also noted in Capital construction of the New Lautoka Remand Centre (Phase 1 Building 1), upgrade of FCS roads, electrical works, Naboro institutions, boundary fencing, site development of New Female Corrections facility in Lautoka, CCTV for four correction institutions, upgrading of staff quarters and institutional buildings, the construction of piggery and poultry sheds for the Correction Enterprise Unit.

Capital purchases included the purchase of 27 specialized vehicles for its main centres, LAN/WAN network upgrade, purchases of improved/modern radio and communication technologies, office equipment for Correction institutions and 1 mechanical excavator for Naboro Correction farm.

15.3 Appropriation Statement

The Department incurred a total expenditure of \$31,535,997 against the revised budget of \$35,749,200 resulting in a savings of \$4,213,203. Details of expenditure against the budget estimate are provided in Table 15.2.

Table 15.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Change (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	17,989,581	(1,061,668)	16,927,913	16,356,376	571,537
2	Government Wage Earners	30,907	2,326	33,233	31,018	2,215
3	Travel & Communication	430,370	91,000	521,370	510,278	11,092
4	Maintenance & Operations	1,598,002	389,092	1,987,094	1,908,060	79,034
5	Purchase of Goods & Services	3,222,630	594,250	3,816,880	3,768,455	48,425
6	Operating Grants & Transfer	46,260	(35,000)	11,260	11,160	100
7	Special Expenditure	400,000	20,000	420,000	418,504	1,496
	Total Operating Costs	23,717,750	---	23,717,750	23,003,851	713,899
8	Construction	6,125,000	---	6,125,000	3,957,870	2,167,130
9	Purchases	3,600,050	---	3,600,050	2,683,883	916,167
	Total Capital Expenditure	9,725,050	---	9,725,050	6,641,753	3,083,297
13	Value Added Tax	2,306,400	---	2,306,400	1,890,393	416,007
	TOTAL EXPENDITURE	35,749,200	---	35,749,200	31,535,997	4,213,203

15.4 Trust Account Statement of Receipts and Payments

Table 15.3: Trust Account Statement for 2014

Trust Fund Account	2014 (\$)	2013 (\$)
Receipts		
Prisoners Cash	265,388	126,205
Total Receipts	265,388	126,205
Payments		
Prisoners Cash	188,010	37,209
Total Payments	188,010	37,209
Balance as at 1 January 2010	206,203	117,207
CLOSING BALANCE	283,581	206,203

15.5 Trade and Manufacturing Account

Table 15.4: Manufacturing Account for 2014

Manufacturing Account	2014 (\$)	2013 (\$)
Opening Raw Material	17,799	40,635
Add: Purchases	1,566,462	1,256,975
Less: Closing Raw Materials	116,530	17,799
Raw Material Used	1,467,731	1,279,811
Add: Opening work in progress	---	1,126
Add: Direct Labour	8,265	(79,252)

Manufacturing Account	2014 (\$)	2013 (\$)
Less: Closing Work In Progress	2,725	---
Cost of Goods Manufactured transferred to Trading Account	1,473,271	1,201,685

Table 15.5: Trading Account for 2014

Trading Account	2014 (\$)	2013 (\$)
Sales	1,634,800	1,258,345
Opening stock	262,905	159,691
Add: Cost of Manufactured Goods	1,473,271	1,201,685
Less: Closing Finished Goods	440,123	262,905
Cost of Goods Sold	1,296,053	1,098,471
Gross Profit/(Loss) transferred to Profit & Loss Statement	338,747	159,874

Table 15.6: Profit & Loss Statement for 2014

Profit and Loss Statement	2014 (\$)	2013 (\$)
Income		
Gross Profit transferred from Trading A/C	338,747	159,874
Other Income	---	---
Total Income	338,747	159,874
Expenses		
Travel & Communication	823	2,766
Maintenance & Operation	87,467	137,080
Other Expenses	---	---
Special Expenses	---	---
VAT	---	---
Total Expense	88,290	139,846
Net Profit/(Loss)	250,457	20,028

Table 15.7: Balance Sheet for 2014

Balance Sheet	2014 (\$)	2013 (\$)
Assets		
Cash at Bank	162,368	(7,534)
Raw Material	116,530	17,799
Work in progress	2,725	---
Finished Goods	440,123	262,905
Total Assets	721,746	273,170
Liability		
Deposit, Deduction and Retention Money	9,313	---
Total Liability	9,313	---
Net Assets	712,433	273,170
Equity		
Appropriation from CFA and TMA Operation	116,751	99,623
TMA Accumulated Surplus	345,225	173,547
Net Profit	250,457	20,028
Net Equity	712,433	273,170

PART B: AUDIT FINDINGS**15.6 Overdrawn 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.¹

Trust Fund Accounts 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,² and by convention should always have credit balance. Thus, the trust fund accounts should not at any time be overdrawn.³

Audit noted that the following trust fund accounts were overdrawn as at 31 December 2014. Refer Table 15.8 below for details.

Table 15.8: Overdrawn Trust Fund Accounts

Account Number	Description	2014 (\$)	2013 (\$)
1-15201-71999-861915	400 PD Fines & Treasury	4,924.40	4,899.40
1-15201-71999-861101	202 PD OPR Current Year	2,571.56	(575.12)
1-15201-71999-861204	244 PD-LICI	2,249.65	2,259.55
1-15201-71999-861511	301 PD FPS Credit Union	304.50	304.50
1-15201-99011-861516	Prison Service Credit Union	222.43	(301.08)
1-15201-71999-861536	Handy Finance Limited	209.99	209.99
1-15201-71999-861306	263 PD Housing Authority	117.50	117.50
1-15201-71999-861616	PD Maint-Nasinu	70.00	120.00
1-15201-99011-861536	Handy Finance Limited	60.00	60.00
1-15201-71999-861606	346 PD Maint-Lautoka	30.00	---
1-15201-71999-861202	241 PD CMLA	11.73	1,013.77
Total:		10,771.76	8,108.51

Lack of control over trust fund account is evident which resulted in the above anomalies. This may indicate that reconciliations of trust fund accounts were not effectively carried out and monitored by accounting supervisors to ensure that they are cleared or minimized at year end.

Recommendations

- **The Accounting Head should ensure that the Trust 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.**

¹ Fiji Correction Service Finance Manual 2013 - Section 4.7.3

² Sections 25 (1) of the Financial Management Act 2004

³ Finance Circular No 4/98 of 30/03/98

Management's Comments

The FCS agrees with the recommendations and will in future ensure that proper controls are put in place in the management of the Trust Fund Operation. Further, monthly reconciliations will be more stringent particularly for large outstanding balances.

15.7 Anomalies in the Drawings Account

Agencies are required to prepare monthly reconciliations to address the differences between the department records and the general ledger.⁴ Drawings account records the cheques that are raised for payments during the year.

The audit noted the following anomalies in drawings account:

- An unexplained variance of \$243,763 was noted between the reconciliation performed by the department (\$444,354) and the balance recorded in the general ledger (\$200,592).
- Of the department reconciliation:
 - A total of \$59,627 stale cheques remained un-cleared as at 31/12/14. Of these, \$14,600 has been outstanding from 2013. Refer **Appendix 15.1** for details.
 - A total of \$370,172 was outstanding in electronic fund transfer (EFT) payments. Refer **Appendix 15.2** for details.
 - A total of \$73,149 EFT payments were not journalized in the respective general ledger accounts.
- Write off of drawings account totalled \$315,171 relating to balances from previous years.
- Despite the variances, the drawings reconciliations were certified as correct by the Senior Accountant and the Commissioner.

Un-reconciled variances indicate incomplete reconciliation overstating drawings account balance reflected in the general ledger.

Recommendations

- **The Department should ensure that general ledger reconciliations are carried out explaining and journalizing balances on a monthly basis.**
- **The Department should properly check reconciliations performed before certifying these records as correct.**
- **The Department must clear the outstanding stale cheques in line with Finance Instructions.**

Management's Comments

We thank the audit team for its findings.

⁴ Finance Circular No. 20/2007

We have raised journal vouchers (Jv 164/12/14) to clear the stale cheques for 2013 of \$19,565.15. As for the stale cheques for 2014, these were voided and vouchers were cancelled as it was stale cheques for the current year and 2014 was still open.

Even though we have been introduced the EFT arrangement to assist with the efficient and effective execution of payments, we have experienced a few glitches with the FMIS system. These could affect the clearance of expenditures in the drawings allocation and could result in several anomalies. Thus, could arise from the slow sweep of the EFT files in the general ledger in the FMIS system. Further, the anomalies could also be caused by a reversal of a transaction in the batch for the file sent to the bank therefore resulting in the difference of the cash book total and the bank statement total.

With the new Drawings format in operation we have to rely on the MOF FMIS unit to assist us with our Drawings reconciliation. This being new, it will take time to understand it, as it also takes into account the EFT transactions.

However, the FCS will ensure that the recommendations are followed closely in future.

15.8 Non – Reconciliation of Prisoners Cash Trust

Each month, the trust fund account must be balanced and reconciled with the trust bank account.⁵

The prisoners trust fund account records wages earned by the prisoners for work performed while in prison and is payable upon their release.

Prisoner's cash trust fund bank statement balance (\$367,452) was not reconciled with the general ledger balance (\$283,580).

In the absence of reconciliations, timely detection of errors or omissions is limited and balances reflected in the agency financial statements remained unsubstantiated.

Recommendation

The department should ensure Section 58(3) of Finance Instruction 2010 is strictly complied with.

Management's Comments

The FCS acknowledges the recommendation provided in the report.

It is also important to note that we have done the bank reconciliation for 2014 but due to some variances in the balance we did not submit it to the MOF. There has been no submission done since 2012 and there are no copies of 2011 reconciliations which were done to help us update from where the bank reconciliation was not done and submitted.

We have made an attempt to complete the 2014 bank reconciliation and are trying to rectify the variance. However for the year 2015 bank reconciliations is carried out on a monthly basis to avoid further variances in the balances.

⁵ Finance Instruction 2010 – Section 58(3)

15.9 Management of Trading and Manufacturing Activities

Cabinet decision number 237 dated 17th June 2008 established three Trading and Manufacturing Activities (TMA) with a ceiling of \$200,000 - Piggery (\$80,000), poultry (\$50,000) and crops (\$70,000).

The audit noted the following anomalies in the operation of TMAs:

- Monthly reports for each TMA produced were not filed centrally - registry;
- Consolidated TMA performance report was not prepared;
- Monthly TMA reports was not forwarded to headquarters for reconciliations;
- The corrections service officers performed the accounting and book-keeping duties despite their limited knowledge in the field of accounting;
- The current TMA standard operating procedures focuses on the revenue collectors but lacks guidance for operations of distinct TMAs; and
- A total of \$102,300 was owed for the poultry TMA as at 31/12/14, however, was not disclosed in the TMA financial statement;

The above is tantamount to serious disregard of authority, management and accountability of TMA operations.

Recommendations

The Department should:

- **Explain the operation of four unauthorized TMAs;**
- **Review the management, reporting and accountability of its TMAs;**
- **Ensure effective controls are in place to effectively collect debts owed.**

Management's Comment

The FCS acknowledges the audit observations and recommendations in the report. We provide below our responses to the various anomalies noted in the report;

The FCS partly concurs with the audit observation. As the TMA office is manned by the Correction Officers as part of their development programmes, most do not have accounting background. However, there has been an established system of monthly reporting. The changing of officer has caused a delay in such reporting. This will now be revitalized.

The FCS partly concurs with the audit observation. Due to security, the stage of development of the TMA Enterprises – it is operated by corrections officer with little accounting background. However, our Accounts Section has staffs assisting and providing training to the TMA staffs.

The FCS partially concurs with the audit observation. As a new unit, the development of SOPs will take some time. To develop and operationalise these will be prioritise to strengthen the Enterprise activities.

In addition, the FCS fully supports with the audit recommendations. The FCS will ensure outmost effort to rectify the anomalies and improve the internal processes within TMA Enterprise.

We believe a major improvement in the TMA could be made once we separate its accounting arrangements from the normal governmental processes. It is indeed contrary to the running of a commercial operation. Staffing at the TMA is part of our overall staff's development processes given the numbers allowed for the FCS by Government. While the inculcation of accounting principles may take time, before long things will sail smoothly once principle are properly grasped.

In the long term, our current modus operandi will work for the best of the FCS. It is not only to make money but use this as rehabilitation and training ground for those under our care. The work ethics instilled in the Enterprise unit is different from our normal operation.

15.10 Un-authorized Losses Recorded in the Statement of Losses

The Minister of Finance may write off losses in respect of public money, state assets and agency assets.⁶ Write off losses in excess of this limits but less than \$50, 000 must be referred to the Permanent Secretary for Finance while write off losses in excess of \$50,000 must be referred to the Minister for Finance.⁷

The audit noted that losses totaling \$457,804 was yet to be approved. The losses related to: loss of money (\$45,597), estimated loss of assets destroyed in fire (\$150,000) and other items following the board of survey (\$265,207).

The yet to be approved write-off of losses was recorded in the Statement of Loss in the agency financial statement.

Recommendation

The department should strictly adhere to Financial Management Act (section 35) and Finance Instructions (section 57(2)(3)) prior to recording the write-off in the Statement of Losses.

Management's Comment

We acknowledge the Audit comments by the Audit Team. However, remedial action was taken to address the identified issues.

- ***Non Refund of Costs of Overseas Travel Tickets Due to Last Minute Cancellation***

The FCS has formally written to our line Minister addressing the loss. However, we will formally write to PS MOF to a write off together for the write off of Labasa Admin Office once the BOS is carried out.

- ***Loss of Fixed Assets***

NFA has done the Fire Investigation Report and Inventory Costing amounting to \$150,000.00. Based on the above costing, the FCS will conduct a Board of Survey to write off all inventories relating to FCS Administration Office at Waiyevo, Taveuni.

- ***Board of Survey***

MoF approval was obtained on the old age items from the various cost centres amounting to \$265,206.80.

15.11 Incomplete Capital Works and Purchases

A total of \$6.125 million and \$3.6 million were provided for in the 2014 budget estimate for capital construction and purchases respectively.⁸

⁶ Financial Management Act 2004 – Section 35

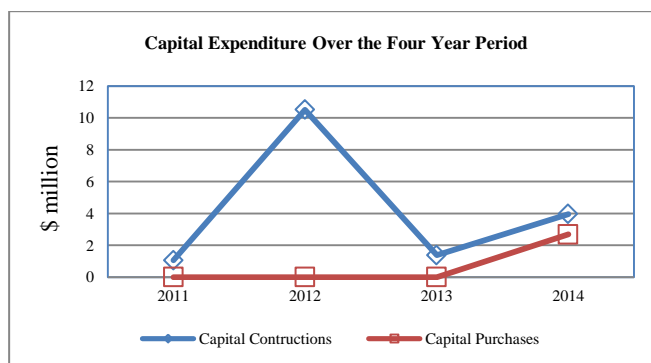
⁷ Finance Instructions 2010 – section 57 (2)(3)

⁸ 2014 Budget Estimate, Head 15, Programme 2, Page 92

A total of \$19.6 million was spent as capital outlays by the department over the four period from 2011 to 2014.

Table 15.9: Capital Outlays over the four year period

Year	Capital Construction (\$)	Capital Purchases (\$)	Total (\$)
2011	1,057,406	---	1,057,406
2012	10,510,370	---	10,510,370
2013	1,384,515	---	1,384,515
2014	3,957,870	2,683,883	6,641,753
Total	16,910,161	2,683,883	19,594,044



The audit noted the following anomalies in the capital outlays for the year 2014:

- The department only utilized \$3.96 million (65%) in constructions and \$2.7million (75%) is capital purchases resulting in un-utilized funds of \$3 million (32%).
- Funds were un-utilized due to incomplete projects or were due to savings from completed projects. Refer to Table 15.10 for details:

Table 15.10: Capital Expenditures, Status of Implementation and Un-utilized funds

Capital Expenditure	Budget (\$)	Actual Expenditure (\$)	Un-Utilized (\$)	Utilization (%)	Status
Capital Construction					
Construction of Lautoka Remand Centre	1,980,000	414,292	1,565,708	21	Delay in Tender for Building 1 : Balance allocated in 2015
Fencing of Naboro Prisons	570,000	282,354	287,646	50	RIE on Hold by Budget Division
Upgrade of Prisons Quarters and Institutions	500,000	302,583	197,417	61	RIE on Hold by Budget Division
Construction of Lautoka Women's Facility	282,354	160,299	39,701	80	Proposed Work Completed (Savings)
Repair and Maintenance of Institutional Roads	302,583	934,895	65,105	93	Proposed Work Completed (Savings)
Upgrade and Maintenance of Institutional Buildings	825,000	820,500	4,500	99	Proposed Work Completed (Savings)
Total	4,459,937	2,914,923	2,160,077	65	
Capital Purchases					
Purchase of Office Equipment	250,050	140,092	109,958	56	Delay in Tender Approval for Multi-functional Printer by ITC.
Purchase of Specialised Vehicle	2,633,908	1,866,652	767,256	71	Purchase of Required Specialised Vehicles for 2014 Completed: no approval was obtained for Institutional Vehicle Replacement as submitted in PSIP. FCS was advised for Leasing arrangement
Purchase of Radio Telephones	250,000	211,048	38,952	84	RIE on Hold by Budget Division
Total	3,133,958	2,217,792	916,166	71	

- A total of \$22,193 in expenditures relating to year 2015 was paid from allocation for construction of the piggery shed, a deliberate act to use funds since the shed was complete and had savings.

Non-implementation of capital outlays affect service delivery and purpose of which funds are allocated. Completed projects with savings indicate over-budgeted capital outlays that could be used in other priority sectors.

Recommendations

The department should:

- **Review its incomplete projects and ensure it is successfully implemented;**
- **Explain the over-budgeting of projects resulting in savings;**
- **Explain the use of savings from completed projects for other purposes and take corrective actions and**
- **Draw from lessons and experiences in implementing capital projects for an efficient and effective execution of capital works.**

Management's Comments

The department had utilized 68% of its capital project funds allocated within SEG 8 and 9. However, it has also encountered challenges which drastically caused delays in high funded allocations which resulted due to;

- 1. Delays caused on the implementation of New Lautoka Remand Centre was due to delays in approval of structural design vetting by PWD - Engineering which was submitted in February 2014 as required by Fiji Procurement office. The department initially preferred the building to be constructed as cell blocks, however it turned to be very costly compared to current dormitory structure of Block 1. Thus, the currently structure of Block 1 costed \$1.9m with the 2014 Budgetary provision for phase 1 - Block 1 allocated was \$2m.*

Hence upon changes in the structural design relevant documents was forwarded to Fiji Procurement Office (FPO) in July 2017 and tender officially advertised and evaluated by October 2014. Tender was awarded on the 13th November, 2014. RIE was submitted to MOF on the 14th November and Approval of 25% project Cost was approved on 02nd December, 2015.

During the 2015 budget consultation on 13th November, 2015 it was agreed with the Hon. Minister of Finance and National strategic Planning for 25% (\$391,460.98) of funds to be released from 2014 Lautoka Remand Centre, while the balance of \$1.5m to be provided as additional funds to 2015 baseline of \$2m for Block 2, thus total budget for 2015 to be \$3.5m (Reference to Email Correspondence below with MOF Budget Desk officer.

Thus , the delays was basically caused initially by the structural designed vetting , tender process and which later caused construction delays due to change in weather , indent materials and public holidays.

The Contractor mobilised on site on the 1st December, 2015 with actual timeline of 20 weeks for constructing Block 1 (Phase1).

- 2. Also, the FCS was allocated high budget under SEG 9 - Specialized Vehicle (\$2.7M) , which constitutes 28% of entire capital budget provision for 2014. These vehicles were to be procured to supplement the high storage of vehicles enormously affecting FCS operations and other strategic developments.*

The department had written to the Office of Hon. Prime Minister's Office in March 2014 for waiver of tender process considering the nature of the vehicles required [Specialized Vehicle] and also requested to Ministry of Finance for the purchase of re-placement vehicles. Later, the above request was not approved and the department was further advised to arrange procurement of specialized vehicles through normal Government Tender process and for replacement vehicles' to seek leasing arrangement with Ministry of Finance Vehicle control unit.

Tender was further advertised in March 2014 and awarded via Tender 81/2014 on 25th June, 2015 as per specialized vehicle breakdown tabulated below;

S/No	Vehicle Type	Qty	Unit Price (\$)	Total (VIP)
1	Escort Van with Protection Cage	10	88,000	\$880,000
2	SAIC Maxus Ambulance	4	125,000	\$500,000
3	Honda Tiller Rotovator	2	18,600	\$37,200
4	15 Seater Panel Van (Escort)	2	65,000	\$130,000
5	5 Ton Cooler Vehicle with cooler body	1	125,500	\$125,500
6	5 Ton Refrigerator Vehicle with Refrigeration Body	1	125,500	\$125,500
7	5 Ton Box Truck Vehicle Honey Comb Body	2	92,000	\$184,000
8	5 Ton Steel Canopy Troop carriers with Tarpulin Canopy side, and steel Roof, Padded seats.	1	86,250	\$86,250
9	Quad – All Train Vehicle 500CF 500 5 Single Seat	4	19,550	\$78,200
Total				\$2,146,650.00

These vehicles were procured and fully supplied by November, 2014 as specified on delivery schedules upon required modifications and accessories as per tender specs.

Balance of the funds was not approved by Ministry of Finance due to FCS, to further seek leasing arrangements for re-placement vehicles. All required specialized vehicles were procured as required within 2014 to cater for operational needs.

- On the other-hand the FCS, had submitted RIEs to other areas of Capital project funds but was declined by the Ministry of Finance after August 2014 and the department was further advised to continue with such activities within 2015 Budget year
- Other Capital projects' for which full allocations was not utilized was due to works being completed as initially scoped.

However, this is considered a lesson learnt exercise for FCS and necessary way-forward strategies are being developed to avoid such circumstances and ensure effective and prudent utilization of FCS capital Budget.

15.12 Un-authorized transfer of funds

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 for Finance may authorize 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.⁹ The funds requested for carry-over are reflected in the budget allocation of requesting Ministry or Department for the respective year.¹⁰

Government Tender Board awarded the contract for the construction of the Lautoka Remand Centre to at a cost of \$1,739,827 (VIP) with a contingency sum of \$173,983 (VIP) on 13th November 2014.

The audit noted the transfer of funds allocated for the construction of the Lautoka Remand Centre contrary to section 19(1) of the financial management act 2004 as outlined below:

- A total of only \$414,292 was expended for the Lautoka Remand Centre in year 2014.
- To hold the unused funds since the project was on-going and contract in place, the department created a book – entry¹¹ transferring \$244,314 from the operating fund account, standard expenditure group¹² to standard liability group (SLG) account, titled Prisons Sports and Social Club Trust Fund¹³.
- The payments followed to the contractor in 2015 as second and third progress payments from the SLG 86 FCS Sports and Social Club Trust Fund.

The department failed to comply with section 19(1) of the financial management act 2004 to roll-over the funds in year 2015.

As such, construction expenditure for the Lautoka Remand Center recorded in the agency financial statement - Statement of Receipts and Expenditure and the general ledger for the year 2014 are overstated and contrary to cash basis of accounting.

The transfer of funds is unauthorised and contrary to the provisions of the financial and accounting regulations. Also, such practices create shortfall in cash flow projections of Government.

Recommendation

The department should strictly adhere to section 19(1) of the Financial Management Act to carry-over funds of lapsing projects.

Management Comments

We concur with the audit findings that \$244,313.57 was further transferred to FCS Sports and Social Club Trust Fund (SLG 84) as sum being part of 25 % Balance \$391,460.89 requested through RIE # 949/14 dated 02nd December, 2014 for the Construction of Block 1 - New Lautoka Remand Centre with a total construction cost of \$1.9m approved by Government Tender Board (GTB) on 13th November, 2014. During 2015 Budget Consultation the Department further requested the Hon. Minister for Finance and National Planning for balance of \$1.5m unreleased funds to be provided within 2015 Lautoka Remand Centre budget allocation.

Hence, due to delay in tender being awarded which started of the 20 weeks construction on the 1st December, 2015 and further delays noted in implementation resulting from unpredicted weather conditions, delays in indent materials and public holidays, \$146,708.51(VIP) was paid as 1st Claim of the 25% funds released within 2014 (\$391,460.89) based on the value of works completed.

Also as advised by the MOF circular # 25/2014 - Discontinuation of Carry-over , 2015 Budget announcement and budget loading for 2015 and to further avoid funding constraints within 2015 budget provision for Lautoka

⁹ Financial Management Act 2004 – Section 19(1)

¹⁰ Ministry of Finance – Carry-over Policy, January 2012

¹¹ JV 121/12/14 – Dated 31/12/14

¹² 1-15201-71999-080222, 1-15201-71999-130101

¹³ 1-15201-99011-861911

remand centre the department had retained the balance of \$244,313.57 into SLG 86 under its contractual obligation to the contractor (WBL).

The transferred funds had been prudently paid as per contractual obligation for Claim 2 and Claim 3 by 1st Quarters (March 2015).

Thus, the department had considerably taken the measure to avoid funding constraints and in-time payment of its obligations to WBL based on the value of works completed.

However, the transaction has the same impact as funds transferred arrangement through rollovers in SLG 84 and un-presented cheques carried over in following year.

This was a special case with the RIE approved in December and the 2015 Budget already announced. The Circular for discontinuation of roll over was issued on the 15th of December. The FCS had a contractual obligation with the contractor but issue beyond our control caused the delay in the completion of the project as highlighted earlier. The only pragmatic solution was that taken by the FCS so that funds allocated for 2015 capital project will not be compromised. In the above case, the Finance Circular was complied with in the implementation of the project together with the proper procurement arrangement, except for the last minute notice for no rollover of funds.

Appendix 15.1: List of Stale Cheques - Fiji Corrections Services

Date	Cheque No	Amount (\$)
12-Feb-13	639091	75.00
12-May-13	639133	6,028.00
12-Jun-13	639152	224.00
8-Jul-13	636267	74.00
11-Jul-13	638886	206.00
17-Jul-13	636010	773.00
18-Jul-13	636090	1,510.00
30-Jul-13	636153	600.00
14-Aug-13	636357	50.00
14-Aug-13	636363	32.00
16-Aug-13	636393	84.25
16-Aug-13	636395	4,000.00
28-Aug-13	638057	25.00
9-Oct-13	638194	390.00
25-Oct-13	638756	49.00
31-Dec-13	639414	480.00
9-Jan-14	640462	350.00
12-Jan-14	640878	838.40
24-Feb-14	639476	70.00
4-Mar-14	639652	2,340.00
12-Mar-14	640887	2,525.00
8-Apr-14	640284	1,344.00
12-Apr-14	640896	3,455.52
12-Apr-14	640897	136.00
12-Apr-14	640898	352.00
11-May-14	3420	2,153.20
11-May-14	3421	6,871.23
11-May-14	3422	8,687.49
11-May-14	3423	2,540.92
11-May-14	3424	969.40
11-May-14	3425	6,480.00
11-May-14	3426	66.00
11-May-14	3427	62.00
11-May-14	3428	62.00
11-May-14	3429	118.00
11-May-14	3430	36.00
11-May-14	3431	108.00
11-May-14	3432	5,213.53
11-May-14	640757	218.00
21-May-14	639879	30.00
Total:		59,626.94

Appendix 15.2: List of EFTs Appearing in the Unpresented Cheques List

Date	EFT No	Amount (\$)
12-Nov-14	3524	1,120.68
30-Oct-14	3360	145.20
30-Oct-14	3361	272.65
30-Oct-14	3362	120.00
30-Oct-14	3363	60.00
30-Oct-14	3364	195.00
30-Oct-14	3365	195.00
31-Oct-14	3366	196.38
31-Oct-14	3367	39,257.38
31-Oct-14	3368	973.86
31-Oct-14	3369	2,400.00
31-Oct-14	3370	1,902.10
11-May-14	3420	2,153.20
11-May-14	3421	6,871.23
11-May-14	3422	8,687.49
11-May-14	3423	2,540.92
11-May-14	3424	969.40
11-May-14	3425	6,480.00
11-May-14	3426	66.00
11-May-14	3427	62.00
11-May-14	3428	62.00
11-May-14	3429	118.00
11-May-14	3430	36.00
11-May-14	3431	108.00
11-May-14	3432	5,213.53
11-Dec-14	3525	1,670.00
11-Dec-14	3526	561.80
11-Dec-14	3527	477.75
11-Dec-14	3528	38,702.54
11-Dec-14	3529	2,245.80
12-Sep-14	3828	7,167.63
12-Sep-14	3829	2,664.00
12-Sep-14	3830	4,125.95
12-Sep-14	3831	109.48
12-Sep-14	3832	3,462.00
12-Sep-14	3834	1,342.50
12-Sep-14	3835	207.00
12-Sep-14	3836	5,355.00
12-Sep-14	3837	2,545.09
12-Sep-14	3838	1,250.00
12-Sep-14	3839	877.59
12-Sep-14	3840	538.31
12-Sep-14	3841	2,710.60
12-Sep-14	3842	906.30
12-Sep-14	3843	1,715.00
12-Sep-14	3844	4,252.70
31-Dec-14	4157	145.38
31-Dec-14	4158	12,185.70
31-Dec-14	4159	3,305.48
31-Dec-14	4160	8,089.93
31-Dec-14	4161	93.70
31-Dec-14	4162	340.00

Date	EFT No	Amount (\$)
31-Dec-14	4163	60.00
31-Dec-14	4164	153.00
31-Dec-14	4165	162.00
31-Dec-14	4176	149,047.33
31-Dec-14	4177	7,467.00
31-Dec-14	4178	1,266.69
31-Dec-14	4179	571.41
31-Dec-14	4180	1,600.00
31-Dec-14	4181	17,423.00
31-Dec-14	4182	1,764.43
31-Dec-14	4183	200.00
31-Dec-14	4184	200.00
31-Dec-14	4185	54.00
31-Dec-14	4186	2,950.00
Total:		370,172.11

Section 16 Information Technology and Computing Services

Role and Responsibilities

The primary role of ITC Services is to support the Government in the provision of ICT capabilities on a secure platform that will showcase opportunities and enhance public sector efficiency, professionalism for the Government and its employees. One of ITC Service's strategic priorities is to transform or re-engineer government services across all Government agencies through the realization of the e-Government strategy. This holistic strategy adopts the three legged stool approach, focusing on people, processes and Technology. In collaboration with other Government agencies, corporate sectors, NGO's and other stakeholders, ITC Services will develop, promote, coordinate and support strategies that foster service excellence through the utilisation of e-Government Application tools.

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PART A: FINANCIAL STATEMENTS

16.1 Audit Opinion

The audit of the 2014 accounts of Information Technology and Computing Services (ITCS) resulted in the issue of an unqualified audit report.

16.2 Statement of Receipts and Expenditure

The Department collected revenue amounting to \$25,440 which consists of state revenue of \$862 in relation to receipt of commission fees, while agency revenue of \$24,578 are the data fees received.

However, a total expenditure of \$10,750,252 was incurred in 2014 comprising of operating expenditures of \$8,474,652, capital expenditures of \$1,093,866 and Value Added Tax of \$1,181,734. Refer to Table 16.1 for details of receipts and payments for the year 2014.

Table 16.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue	862	682
Agency Revenue	24,578	56,275
TOTAL REVENUE	25,440	56,957

Description	2014 (\$)	2013 (\$)
EXPENDITURE		
Operating		
Established Staff	1,693,649	1,852,136
Unestablished Staff	36,532	34,146
Travel & Communication	1,562,489	1,353,529
Maintenance & Operations	1,093,153	1,634,118
Purchase of Goods & Services	2,331,116	3,916,735
Special Expenditure	1,757,713	---
Total Operating Expenditure	8,474,652	8,790,664
Capital Expenditure		
Capital Construction	60,650	258,616
Capital Purchases	1,033,216	100,181
Total Capital Expenditure	1,093,866	358,797
Value Added Tax	1,181,734	1,099,709
TOTAL EXPENDITURES	10,750,252	10,249,170

Total expenditure increased by \$501,082 or 5% in 2014 when compared to 2013 mainly due to increase in SEG 7 - Special expenditure that was attributed for consultancy payments to Yalamanchili International PTE Ltd for the development and deployment of the Government IT blueprint roadmap.

16.3 Appropriation Statement

The ITCS incurred expenditures totalling \$10,750,252 against a revised budget of \$19,584,004 resulting in a savings of \$8,833,752 or 45%. Details of expenditures against the budget estimates are provided in Table 16.2.

Table 16.2: Appropriation Statement for the Year Ended 31 December 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,162,079	(5,828)	3,156,251	1,693,649	---	1,462,602
2	Government Wage Earners	31,605	5,828	37,433	36,532	---	901
3	Travel & Communication	1,376,000	204,199	1,580,199	1,562,489	---	17,710
4	Maintenance & Operations	2,180,300	(205,366)	1,974,934	1,093,153	---	881,781
5	Purchase of Goods & Services	4,783,420	1,167	4,784,587	2,331,116	---	2,453,471
7	Special Expenditure	1,640,000	117,713	1,757,713	1,757,713	---	---
	Total Operating Costs	13,173,404	117,713	13,291,117	8,474,652	---	4,816,465
	Capital Expenditure						
8	Capital Construction	350,000	---	350,000	60,650	---	289,350
9	Capital Purchases	4,372,700	(567,713)	3,804,987	1,033,216	---	2,771,771
	Total Capital Expenditure	4,722,700	(567,713)	4,154,987	1,093,866	---	3,061,121
13	Value Added Tax	2,205,400	(67,500)	2,137,900	1,181,734	---	956,166

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
	TOTAL EXPENDITURE	20,101,504	(517,500)	19,584,004	10,750,252	---	8,833,752

During the year, the Ministry of Finance transferred funds from Seg 09 (Capital Purchase) and Seg 13 (Value Added Tax) to the Fiji Roads Authority totalling \$517,500.

Section 17 Ministry of Information

Programme Statement

The Ministry of Information 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.

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.

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PART A: FINANCIAL STATEMENT

17.1 Audit Opinion

The audit of the 2014 accounts of the Ministry of Information has resulted in the issue of an unqualified audit report.

17.2 Statement of Receipts and Expenditure

The Ministry of Information collected total revenue of \$26,445 and incurred total expenditure of \$3,153,346 in 2014.

Table 17.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue		
Library Fines	---	2,122
Total State Revenue	---	2,122
Agency Revenue		
Revenue from Sale of Production Film	1,260	2,017
Miscellaneous	25,185	8,369
Total Agency Revenue	26,445	10,386

Description	2014 (\$)	2013 (\$)
TOTAL REVENUE	26,445	12,508
EXPENDITURE		
Operating Expenditure		
Established Staff	1,671,227	1,619,316
Unestablished Staff	146,788	235,178
Travel & Communication	154,777	221,800
Maintenance & Operations	208,416	277,392
Purchase of Goods & Services	738,597	1,182,018
Operating Grants & Transfers	17,980	14,432
Special Expenditure	56,690	45,176
Total Operating Expenditure	2,994,475	3,595,312
Capital Expenditure		
Capital Construction	---	198,771
Capital Purchase	---	1,050,142
Capital Grants and Transfers	---	---
Total Capital Expenditure	---	1,248,913
Value Added Tax	158,871	420,120
TOTAL EXPENDITURE	3,153,346	5,264,345

Total expenditure decreased by \$2,110,999 or 40% in 2014 compared to 2013. This was mainly due to the transfer of Library Services to the Ministry of Education and no capital expenditure was incurred in 2014.

17.3 Appropriation Statement

The Department incurred expenditures totalling \$3,153,346 in 2014 against the revised budget of \$3,947,980 resulting in a savings of \$794,634 or 20%.

Details of expenditures against the budget estimates are provided in Table 17.2.

Table 17.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry- Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,032,216	(27,500)	2,004,716	1,671,227	---	333,489
2	Government Wage Earners	164,989	4,000	168,989	146,788	---	22,201
3	Travel & Communication	176,892	34,480	211,372	154,777	---	56,595
4	Maintenance & Operations	250,593	22,900	273,493	208,416	---	65,077
5	Purchase of Goods & Services	1,031,672	(50,380)	981,292	738,597	---	242,695
6	Operating Grants & Transfers	18,695	---	18,695	17,981	---	714
7	Special Expenditure	47,000	15,000	62,000	56,690	---	5,310
	Total Operating Expenditure	3,722,057	(1,500)	3,720,557	2,994,475	---	726,082
	Capital Expenditure						
8	Capital Construction	---	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---	---
10	Capital Grants & Transfers	---	---	---	---	---	---

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
	Total Capital Expenditure	---	---	---	---	---	---
13	Value Added Tax	225,923	1,500	227,423	158,871	---	68,552
	Total Expenditure	3,947,980	---	3,947,980	3,153,346	---	794,633

17.4 Statement of Losses

The Statement of Losses for 2014 showed no significant findings.

PART B: AUDIT FINDINGS

17.5 Thirty Day's Salary in Lieu of Notice Not Paid

Officers who have been confirmed to a permanent establishment must, if they wish to resign, give not less than 30 consecutive days' notice of their intention, in order that other arrangements may be made for the filling of their posts.¹

Unless approved by the Commission, an Officer who resigns without giving 30 consecutive days' notice may be required to pay 30 days salary in lieu of notice.²

Audit noted that the Information Officer (Tech), EDP 93983 gave his immediate resignation with effect from 27/06/14. The immediate resignation was approved by the then Permanent Secretary and was told to pay up the 30 days' salary in lieu of notice. The total amount owed by him equalled to a sum of \$1,992.35. The officer had agreed to pay up the sum owed in monthly instalments.

Despite reminders³ sent to the former officer by the Ministry, the amount is yet to be recovered.

Recommendations

- **The Ministry should ensure the recoverability of the sum owed by the former staff.**
- **Full payment of 30 days salary in lieu of notice should be collected upon immediate resignation, otherwise, staff should give a 30 days' notice for their resignations.**

Ministry's Comments

Management acknowledges the issues addressed in the audit report. The Officer has not cooperated despite numerous efforts made by the Ministry and assurance given as the officer is currently unemployed.

Ministry had sent an email on 14/05/15 as continuous reminder. The officer is yet to respond. Copy available for verification. The Officer on request for resignation on 27/06/14 had stopped coming to work from 26/06/14 and this could have led to Deem to resign in 7 days eventually. Management has noted recommendation for further improvement and will seek legal advice from Solicitor General's office to proceed further.

¹ General Orders 2011 – Section 214(a)

² General Orders 2011 – Section 214(a)

³ The former officer was reminded through emails to pay the dues.

Section 18

Ministry of Strategic Planning, National Development and Statistics

Programme Statement

The Ministry comprises of the Strategic Planning and National Development Office (SPND) and the Fiji Bureau of Statistics (FBOS). The Strategic 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 Resources issues, undertakes economic aggregate forecasting, formulates the Public Sector Investment Programmes, coordinates Government's reform agenda through its Good Governance Unit, coordinates manpower planning particularly in the identification of priority areas, chairs and provides secretariat services to the many committees it represents and other Government committees.

The major roles of Fiji Bureau of Statistics [FBOS] are to collect, compile, abstract analyse 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 organizes a coordinated scheme of social and economic statistics relating to Fiji and conducts a Census of the population of Fiji and Household Surveys as required. FBOS collaborates with Government Ministries/Departments and other agencies in the collection, abstraction, analysis, and publications of statistical records.

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PART A: FINANCIAL STATEMENTS

18.1 Audit Opinion

The audit of the 2014 accounts of the Ministry of Strategic Planning, National Development and Statistics resulted in the issue of a qualified audit report for the year ended 31 December 2014.

The issues qualified are as follows:

- The Statement of Losses and the Trust Statement of Receipts and Payments were not submitted for audit contrary to the requirements of section 71(1) of the 2010 Finance Instructions.
- Records to substantiate the payments totaling \$57,104 relating to Integrated Human Resources Development Programme (IHRDP) trust account in 2014 were not provided for audit.
- The miscellaneous revenue totaling \$205,518 as shown in Statement of Receipts and Expenditure relating to bank lodgment clearance account have not been correctly classified together with no supporting records provided for audit.
- The Ministry did not effectively implement the internal control system over the payment process resulting in incorrect classification of expenditures for various standard expenditure groups within Strategic Planning Office.
- The accountable advance account of Strategic Planning Office reflected an outstanding balance of \$340,216 which is yet to be retired nor accounted under travel and communication expenditure. As a result, total expenditure of \$4,588,882 for Strategic Planning Office is understated including the consolidated expenditure of \$9,385,499 for the Ministry.

18.2 Statement of Receipts and Expenditure

The Ministry incurred a total expenditure of \$9,385,499 during 2014 compared to \$10,147,496 incurred in 2013.

However the Ministry showed total revenue during the year 2014 totalled \$213,593 compared to \$13,900 for the year 2013. The huge increase in miscellaneous revenue during the year 2014 was attributed to the incorrect classification for the accounting of bank lodgement clearance account during 2014 without any supporting document not provided for audit. This was included as a qualification to the Ministry's audit report.

Table 18.1: Statement of Receipts and Expenditure in 2014

Description	2014 (\$)	2013 (\$)
Receipts		
Miscellaneous Revenue	211,833	12,182
Sales of Publications	1,760	1,718
Total Revenue	213,593	13,900
Expenditure		
Established staff	4,078,283	2,901,353
Government Wage Earners	170,220	117,837
Travel & communication	389,154	244,388

Description	2014 (\$)	2013 (\$)
Maintenance & Operations	453,383	389,554
Purchase of goods & services	140,525	159,956
Operating grants & transfers	20,000	18,623
Special expenditures	2,194,286	4,655,018
Capital Purchase	94,833	---
Capital Grants & Transfers	1,274,319	1,000,000
Value Added Tax	570,496	660,767
Total Expenditure	9,385,499	10,147,496

Total expenditure decreased by \$761,997 (8%) in 2014 and primarily due to the reduction for budgetary allocations for a number of statistical survey projects carried out by the Fiji Bureau of Statistics; decreases in purchase of goods and services (12%) and the value added tax (14%). However, the established staff expenditure increased by 41% in 2014 due to the regularization of 47 project positions at the Fiji Bureau of Statistics.

18.3 Appropriation Statement

The Ministry incurred expenditure totalling \$9,385,499 during the year 2014 against the revised budget of \$10,584,291 resulting in a savings of \$1,198,792 or 11%. The details of expenditure against the budget estimates are provided in Table 18.2 below.

Table 18.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	4,738,778	(465,985)	4,272,793	4,078,283	194,510
2	Unestablished Staff	146,504	37,533	184,037	170,220	13,817
3	Travel & Communication	297,460	196,064	493,524	389,154	104,370
4	Maintenance & Operations	375,305	125,644	500,949	453,383	47,566
5	Purchase of Goods & Services	150,780	13,729	164,509	140,525	23,984
6	Operating Grants & Transfers	20,000	---	20,000	20,000	---
7	Special Expenditure	2,733,964	---	2,733,964	2,194,286	539,678
	Total Operating Costs	8,462,791	(93,015)	8,369,776	7,445,851	923,925
	Capital Expenditure					
9	Capital Purchase	110,000	---	110,000	94,833	15,167
10	Capital Grants and Transfers	1,500,000	---	1,500,000	1,274,319	225,681
	Total Capital Expenditure	1,610,000	---	1,610,000	1,369,152	240,848
13	Value Added Tax	511,500	93,015	604,515	570,496	34,019
	TOTAL EXPENDITURE	10,584,291	---	10,584,291	9,385,499	1,198,792

PART B: AUDIT FINDINGS

STRATEGIC PLANNING OFFICE

18.4 Unaccounted Accountable Advances

Travelling officers are to submit an acquittal together with supporting documents within seven days after returning from travel.¹

When cash or bank cheques are received, the revenue collector shall immediately issue an official receipt. The revenue collector must enter relevant details specified on the receipt before signing it.²

During April 2014, the Strategic Planning, National Development Office (SPNDO) embarked on the provincial consultation for the Green Growth Framework following Cabinet's approval for Fiji's membership to the Global Green Growth Institute (GGGI) subject to the GGGI membership endorsement process.³

The SPNDO then initially issued accountable advances totaling \$35,479 to three Officers during April 2014 to cater for the following expenses:

- (i) catering;
- (ii) travelling cost;
- (iii) fuel for consultation attendees & government motor vehicle;
- (iv) sound system; and
- (v) venue hire expenses.

Audit review of the acquittal records revealed the following anomalies:

- The Office provided supporting records to acquit \$26,240, with an amount of \$9,239 not being accounted for. Refer to Table 18.3 for details;

Table 18.3: Details of acquittals for the accountable advance issued to the three officers for the Provincial Consultation (Rounded off to nearest dollar)

Expenditure Incurred	Western Division Consultation (\$)	Central/ Eastern handled by Assistant Accounts Officer (\$)	Northern Division consultation handled by Employee 63613 (\$)	Totals (\$)
Catering	(2,250)	(8,520)	(3,000)	(13,770)
Travelling Cost	(979)	(3,009)	(2,559)	(6,547)
Fuel Cost	(503)	(280)	(705)	(1,488)
Sound System (Hire)	(450)	(450)	(405)	(1,305)
Venue Hire	(530)	(250)	---	(7800)
Other Expenses	(492)	(449)	(222)	(1,1830)
Total Expenditure incurred as per acquittal	(5,204)	(12,958)	(6,891)	(25,053)
Total Advance Issued	10,000	10,479	15,000	35,479
Total Refunded to Office	(4,796)	4,796	(1,187)	(1,187)

¹ Pro-forma Finance Manual 2013 – section 10.1.8

² Pro-forma Finance Manual 2013 – section 5.3

³ Cabinet decision No CP(14)24 of 29 January 2014

Expenditure Incurred	Western Division Consultation (\$)	Central/ Eastern handled by Assistant Accounts Officer (\$)	Northern Division consultation handled by Employee 63613 (\$)	Totals (\$)
(Rounded Amount)				
Total Advance unaccounted	---	2,317	6,922	9,239

- *Employee EDP # 63613* responsible for the Northern Division funds consultations and the Assistant Accounts Officer have yet to provided acquittal records with relevant supporting document totaling \$6,922 and \$2,317 respectively;
- Whilst the consultations concluded in April 2014, the refund by Employee EDP # 63613 of \$1,187 was receipted by the Assistant Accountant on 31 December 2014, eight (8) months after the consultation period;

The unaccounted money of \$9,239 is a result of the absence of supervisory oversight and not implementing the internal control mechanism at the Office's Accounts section and the requirements of Finance Manual not been adhered to.

Recommendations

- **The SPNDO should carry out an investigation on the unaccounted accountable travel advance of \$9,239 and report to FICAC for any evidence of unethical practices; and**
- **The Ministry of Finance consider merging the Accounts section of the SPNDO to ensure that oversight controls as required by Finance Manual and monitoring mechanisms are being effectively implemented.**

Management Comments

In 2014 the Ministry sought the assistance of ADB to fund the Green Growth Framework consultation processes which was conducted by the Ministry prior to the Summit that was held from 12-13 June 2014.

ADB agreed to assist the Ministry with the costs involved with the Consultations. It was understood that the Ministry would use its operating budget to fund the consultations and ADB would then in turn reimburse the Ministry for the costs incurred upon submission of acquittal to ADB at the end of the consultations.

The initial Budget approved for the Ministry in 2014 did not cater for the consultations and summit on Green Growth Framework. Therefore the Ministry had to proceed with this national exercise using the existing budget.

We had issued Accountable advances to three staff and money received from them was not receipted back into the consolidated fund account as this would mean we would have to receipt this back to revenue. Should we require more funds to be drawn we had to again then draw or commit from our operating budget which had already been spread too thinly from this exercise and from the normal activities and purchases of goods and services for which the budget was earmarked.

We refer to the table submitted by OAG and which we had redone based on the same excel which we had requested and made some minor changes. Attached is a summary for travelling costs for northern division which should be more \$2,758.90 and not \$2,559 . We are attaching the receipts again for these totals.

We would like to further reduce the amount of \$7,983.31 by taking into account the receipt number 86238 for the amount of \$448.85.

We attach herewith the FS03 form for the recovery of \$2,674.00 from the Employee EDP # 63613 and \$4,675.46 from Assistant Accountant from their respective salaries. Salary recovery from staff with effect from Pay 19/15.

18.5 Poor Maintenance of Expenditure supporting documents

The Accounting Head is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁴ All payments, including VAT, must be immediately recorded in the financial management information system and an Expenditure Ledger.⁵

The certifying officer must check and sign the cash requirement report for all the vouchers or invoice to be paid before the payment clerk prints the cheques, matches and accepts payments in the system.⁶ The certifying officer must check the information on the Payment Register report against each cheque leaf before signing the cheques.⁷

To ensure proper checks are in place, Accounting Heads are instructed to ensure that for all Payment Voucher raised, a cash requirement report as well as a disbursement report are properly verified against payment vouchers before they are initialed and filed alongside the payment vouchers.⁸

From the review of expenditure accounts of the Strategic Planning Office for the year 2014, audit noted that all payment voucher prepared were not attached with the cash requirement report as well as the disbursement report were not signed contrary to Ministry of Finance Circular 23/2014.

Moreover, the audit review of the cash payment register (AP470) generated by Financial Management Information System (FMIS) showed disparity between the system cheque records, the cheque leaf and the un-presented cheques list at month end.

These are fully discussed below:

- A review of the un-presented cheque listing recorded at year end showed voided cheques (chq 23098, 23099) are still listed as un-presented cheque at year end even its replacement cheques for these voided cheques have been presented to the Bank;
- Mismatch in the cheque numbers between hard copies of the cheque leaf (22962) and the system generated cheque number (22961) while the payees and amount of the cheque are the same.

The above findings indicate those fraudulent risks of not maintaining proper records and adequate trail of records by not having a supervisory role. The audit noted the lack of accounting personnel at the Ministry Accounts section.

Insufficient paper trail from the absence of proper documentation raises the question of the completeness, accuracy and the reliability of financial information posted in the general ledger.

Recommendations

The Strategic Planning Office should:

- **Request the assistance of Ministry of Finance Treasury to oversee the work of its Assistant Accounts Officer and there is separation of duties;**

⁴ Pro-forma Finance Manual 2013 – section 19.2.1

⁵ Finance Instruction 2010 - section15

⁶ Finance Instruction 2010- section14 (3)

⁷ Finance Instruction 2010 - section14 (4)

⁸ MOF circular 23/14 – paragraph. 4.2

- **Adopt the requirements of the Finance Circular 23/2014 where hard copies of cash requirement reports as well as the disbursement report printed being checked and signed off for every payment made together with payment vouchers.**

Management Comments

We acknowledge the comments by Office of Auditor General with regard to the poor maintenance of expenditure supporting documents.

The ministry acknowledges the recommendations made by OAG and confirms that we have sought the assistance of our Human Resources Departments for the allocation of more staff to allow us to delegate tasks and ensure the separation of duties in the office in the office as recommended.

We are getting a TRCO this week from MoF and another TRCO will be sent to shortly to assist with Processes in Accounts Section.

18.6 Increasing Trend in Outstanding Accountable Advance and not cleared with 7 days of completing travel

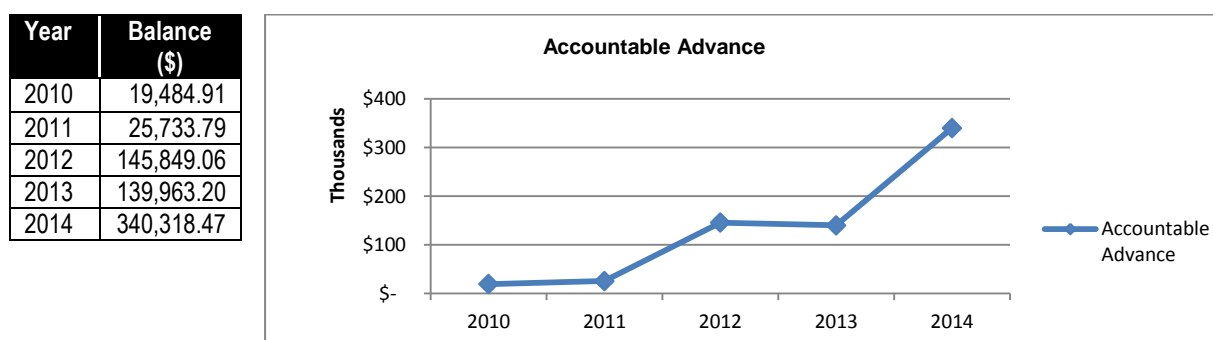
Loans or advances may be provided to staff to assist in carrying out their official duties or as part of their approved remuneration. The repayment of these advances must be actively pursued to reduce the risk of losses from irrecoverable debts.⁹

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.¹⁰ Upon clearance of the advance, the accounts officer shall update the debtors register, offset the advance account and debit the appropriate expenditure account.¹¹

The Accountable advance account for the Strategic Planning, National Development Office (SPNDO) showed an outstanding balance of \$340,318 as at 31/12/14, which increased by \$200,353.27 or 143% compared to 2013.

Tabulated and graphed below is the trend of accountable advance account balances over the 5 years

Table 18.4: Accountable Advance account balance over 5 years



⁹ Pro-forma Finance Manual 2013 - Part 10

¹⁰ Pro-forma Finance Manual 2013- section10.1.11

¹¹ Pro-forma Finance Manual 2013 - section10.1.18

The account balance is made up of the outstanding accountable advance issued to the officers for official travel.

The audit noted that majority of these advances were issued to officers in relation to the Green growth framework consultations during 2014.

The following anomalies were noted:

- (i) The SPNDO did not maintain an Accountable Advance register; and
- (ii) The Assistant Accounts Officer did not make correct accounting adjustments to appropriate expenditure accounts following the acquitting of accountable advances.

The above findings question the Assistant Accounts Officer competency in managing the finances of the Office.

Recommendations

- **The Ministry should ensure that acquittals for all the outstanding advances are followed up on a timely basis and cleared accordingly to the relevant allocation;**
- **The Assistant Accounts officer should be disciplined for failing to carry out his role as required under the Finance Instructions 2010 and the Finance Manual; and**
- **The Ministry should put in strategies and impose salary deductions at source as a way to reduce accountable advances balances and including the interest imposed on the outstanding balance.**

Management Comments

The increase in Accountable Advance for 2014 was attributed to the following;

The issue of Accountable Advances for Green Growth Purposes for which there was no budget in 2014. We were expecting the ADB reimbursements to be received and credited back to the accountable advance allocation.

The Ministry made a claim for \$USD39,800 for which ADB approved the release of \$USD 36,025.93 as reimbursement for the consultations. Attached is the RBF Advice slip for this amount which is equivalent to \$FJD 69,858.31.

Should we have receipted these funds into the accountable advance the total expenditure within the accountable advance for the year would have been reduced. This amount was credited to miscellaneous revenue in 2014.

The refund of accountable received or receipted last year upon retirement which was cleared or posted to revenue also would have reduced the total expenditure for the year. Attached is a summary of the total receipts for last year which should have been credited or journalized to BLC instead of the accountable advance totalling \$49,933.56. The contra entries to clearance of the Advances would be to credit the accountable advance and to debit our respective operating expenditures. This posting would have further reduced the expenditure stated for 2014.

The Ministry will request the Journalising of these unposted entries in 2015 to correct our ledgers. To be done before closing of Accounts in 2015.

18.7 Anomalies in the IHRDP Trust account

The Trust officer shall make available for the audit the necessary trust documents supporting the transactions and balances of the Trust account.¹² All payments from the trust account shall be adequately supported and made only for the purpose of the trust.¹³

The trust officer must submit the trust reconciliation to the Accounting Head within 10 days after the end of the month. The Trust reconciliation shall be in accordance with the format provided in Schedule 6. A duplicate must also be submitted to Ministry of Finance.¹⁴ Each year the trust officer shall prepare an annual trust receipts & payments statement within two weeks of the end of the year.¹⁵

The Integrated Human and Resource Development (IHRDP) Trust account was set up in June 2013 to hold 1/3 community contribution for the IHRDP projects.

The following anomalies were noted:

- The Statement of Losses and the Trust Statement of Receipts and Payments were not submitted for audit contrary to the requirements of section 71(1) of the 2010 Finance Instructions.
- The trust account reconciliation for 2014 were not maintained by the Ministry;
- There were various manual issued IHRDP trust cheques (Cheque 43, 44, 45 & 46) totalling \$11,937.70 which were not recorded into the FMIS Cash Payment Register system;
- The IHRDP Unit did not prepare any bank reconciliation, cash book reconciliation and general ledger reconciliation as required under Schedule 6 of the 2013 Pro-forma Finance Manual;
- A variance of \$50,871 exists between the general ledger (1-17101-63999-520401) and the Trust Cash reconciliation prepared by FMIS Unit of the Ministry of Finance;
- Various payment vouchers for 2014 totalling \$61,643 were not provided for audit review and audit could not validate the payment to being properly authorized.

These issues reflect on the incompetence and the laxity of the IHRDP administrative officer in failing to maintain proper accounting records coupled with lack of basic accounting knowledge. The issue is exacerbated by the absence of checks and supervision by the IHRDP Manager on the maintenance of the Trust records.

Recommendations

The Strategic Planning office should:

- **consider requesting Ministry of Finance to have its Accounts Units well-resourced with competent personnel who have general and extensive knowledge of accounting by designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement;**
- **ensure that adequate supervision is practiced in the operation of the Trust to safeguard hard earned contributions of the communities towards the IHRDP funded projects.**

¹² Pro-forma Finance Manual 2013 - section 15.4.7

¹³ Pro-forma Finance Manual 2013- section 15.2.3

¹⁴ Pro-forma Finance Manual 2013 - section 15.4.4

¹⁵ Pro-forma Finance Manual 2013 - section 15.4.5

Management Comments

FMIS assisted with the compilation of the Strategic Planning Office True Trust Reconciliation. The only reliable source document FMIS relied upon was the Bank Statement. Bank Statement was requested from the Bank dating back to 2012, 2013 & 2014 which was matched to the corresponding GL 9-17101-63999-520401 Cash component of the IHRDP of the same year (consolidated reconciliation of these years).

As stated Cheques, 43, 44, 45 & 46 totalling \$11,937.70 was showing in the reconciliation as Foreign Cheques in the sense that it was showing as presented in the Bank but none in the General Ledger. It was the initiative of FMIS to try balance the General Ledger given the write off of unsubstantiated figures which could not be rectified, but on the understanding that it does not stop further investigation if so any, to be still carried out.

SPO will liaise with FMIS on identifying the unsubstantiated figure and have journal entries passed to correct the Leger balances for True Trust upon identifying the unsubstantiated amounts. To be rectified before the closing of Accounts for 2015

18.8 Drawings Account Anomalies - Strategic Planning Office

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.¹⁶ A report on this is to be submitted to the Director FMIS and Auditor General's Office by 28/02/15.¹⁷

If cheques remain in the un-presented cheques list for more than 3 months, the Accounting Head must attempt to locate the payees and have their cheques presented before they become stale.¹⁸ The Accounting Head shall review the un-presented cheque list and determine whether a replacement cheque should be issued for cheques that are stale.¹⁹

Audit review of the Drawings account of the Strategic Planning Office noted the following anomalies:

- The Office did not prepare the Annual Board of Survey on its Drawings account as at 31/12/14. At the time of the report finalization, the report is still yet to be prepared.
- A variance of \$2,901 exists between the total un-presented cheques - Drawings Reconciliation against the Drawings account general ledger.
- The audit noted that stale cheques totaling \$19,478 existed as at 31/12/14. However, there were no evidence of reviewing the un-presented cheque listings to determine whether a replacement cheque should be issued;
- The FMIS Unit of the Ministry of Finance had involved themselves in the preparation of the reconciliation for the year 2014 which should be the responsibility of the Strategic Planning Office.

Failure to keep proper accounting documentation for drawings accounting including reconciliation may lead to the risk of concealment of losses of public funds through theft and fraud.

Recommendations

- **The Office should immediately carry out a Board of Survey on the Drawings account to verify the drawings accounts reconciliation and general ledger records.**
- **The Office should review the Drawings account reconciliation for previous years issued**

¹⁶ Finance Instruction 2010 – section 31 (5)

¹⁷ 2014 MOF Circular 20/2014 - Part 5.3.1

¹⁸ Pro-forma Finance Manual 2013 – section 7.5.1

¹⁹ Pro-forma Finance Manual 2013 – section 7.5.2

cheque and confirm if they are actually stale. If these cheques have been presented, credit entries in the Drawings account should be confirmed and adjusted accordingly.

- **The Office should always review its un-presented cheques on a regular basis and attempt to locate the payees and have their cheques presented before they become stale.**

Management Comments

FMIS assisted with the compilation of the Drawings Reconciliation. Total Un-presented payments stands at \$236,635.90 whilst the total balance of the drawings account in the general ledger stands at \$233,735.43. As mentioned by Audit, the variance is \$2,900.47. This variance has been reconciled in the reconciliation. In producing the reconciliation, our main source document was the Bank Statement, the General Ledger and the electronic payment register report from the FMIS system. FMIS performed the reconciliation according to the standard operating procedures in Finance Circular 2 of 2014. After producing the reconciliation, FMIS produced \$80,759.60 worth of stale cheques to be cleared as an audit adjustment. However, OAG only accept \$61,281.37 worth of stale cheques, they (OAG) requested the remainder (\$19,478.23, 8% of total Un-presented Payments) be passed in 2015. Subsequent to the handing over of the complete December reconciliation to SPO, officers of the SPO were supposed to carry out the annual BOS on the Drawings Account. SPO will produce an updated BOS this year after adjustments of all previous Years stale cheques have been adjusted accordingly and see to it that come the end of the year a BOS is ready for OAG.

SPO will liaise with FMIS on adjusting these previous brought forward balances and to ensure that the closing balances for 2015 has only the current Cheque details and not those for previous years before we compile our BOS for 2015 and list of presented Cheques.

Journals to be passed with the assistance of FMIS before closing of 2015 Accounts.

18.9 Anomalies on Receipting and Banking Processes

The *revenue collector* shall keep one lodgement form and attach the other form to the cash analysis book.²⁰

The accounts officer shall prepare a journal voucher or journal entry input form before posting revenue transactions into the general ledger. The journal voucher for an adjustment should outline:

- reason for raising adjustments;
- the accounts that should be debited and credited;
- the amount debited to each account.²¹

Audit review noted that revenue collectors cash analysis sheet which contained issued revenue receipts details were not fully completed throughout the year. The relevant bank lodgement forms were separately filed and not attached to the cash analysis sheet as required by the Finance Manual.

In addition, audit noted that there were no revenues being posted to general ledger for the year 2014 by the assistant accounts officer. However, FMIS unit of the Ministry of Finance only made adjustments to clear those Bank Lodgement Clearance (BLC) account at year end.

Hence unidentified credits amounting to \$205,518 recorded in the BLC account of the Strategic Planning, National Development Office (SPNDO) were reflected as Miscellaneous Revenue allocation due to the inability to identify corresponding debits in the BLC which the responsibility of the Assistant Accountant to complete the receipting process.

²⁰ Pro-forma Finance Manual 2013 – section 5.4.5

²¹ Pro-forma Finance Manual 2013 – section 5.5.4

The lack of staff and workload should not be taken as an excuse for bypassing internal control procedures required under the Finance Manual. The absence of supervisory checks and proper authorization also increases the risk of fraudulent activities and theft.

Recommendation

The SPNDO with Ministry of Finance Treasury assistance should put in place measures to ensure adequate supervision and segregation of duties and officers assigned duties to receive, banking and postings of entries are independent of each other.

Management Comments

We acknowledge your comment regarding the segregation of duties with respect to receipting and banking within the Ministry. We are currently requesting for more staff to strengthen our accounting unit to enable us to distribute duties for banking and receipting as recommended by the OAG.

We have since requested the assistance of the HRM Unit of MoF to assist us with our request for extra staffing and strengthening of the Accounts Unit to allow for more staff so we can have these segregated duties given out to them. This will allow one to do receipting and the other to do banking.

MoF has confirmed that they will give us 2 TRCO's. We are expecting one this week and the second staff will be sent to us shortly by MoF HRM team.

18.10 Use of Accountable Advance Allocation for Purchases of goods and services

The Accounting Head must not certify a payment as correct unless they are satisfied that:

- i. it is in accordance with an LPO, indent, contract, invoice, statement or other authorization;
- ii. there is documentation that the goods, services or works have been received;
- iii. sufficient uncommitted funds are available for payment of the account;
- iv. the account is not fraudulent and has not been previously paid;
- v. the expenditure account it is charged to is correct.²²

The travel advance shall be charged to the advances account until cleared through submission of the acquittals.²³ Upon clearance of the advance, the Accounting Head shall update the debtors register, offset the advance account and debit the appropriate expenditure account.²⁴

The audit noted that the Strategic Planning Office incurred a total of \$56,489 for various procurements of goods and services during the year have been classified as accountable advance allocation (1-17101-63999-570301) without the use of appropriate expenditure account.

Refer to table below for details of procurement being made.

Table 18.5: Examples of payments classified as accountable advance instead of using applicable expenditure allocations

Date	Cheque/ EFT no.	Amount (\$)
04/25/2014	22321	8,860

²² Pro forma Finance manual 2013 – section 2.8.4

²³ Pro Forma Finance Manual 10.1.9

²⁴ Pro Forma Finance Manual 10.1.18

Date	Cheque/ EFT no.	Amount (\$)
04/03/2014	22257	11,675
04/03/2014	22259	3,140
05/29/2014	22414	1,400
05/29/2014	22419	2,758
06/02/2014	22428	2,414
06/03/2014	22429	2,360
07/28/2014	22632	18,961
07/31/2014	22657	3,757
09/05/2014	22738	3,654

The above findings indicates that expenditures have not been properly recorded in the correct expenditure accounts hence the expenditures for the Ministry have been understated at year end while accountable advance allocation has been overstated.

The above is a blatant disregard to standing governments finance policies and regulations and the intention of Assistant Accountant may have been to distort the financial records.

Recommendation

The Assistant Accounts Officer should be surcharged for authorizing the payments of procurement of goods and services being classified as Accountable advance allocation which are for the purpose of travel advance only.

Management Comments

We acknowledge the comments by the OAG regarding the use of Accountable Advances to make purchases of goods and services. We had the payments from the accountable advances anticipating the reimbursement for these purchase namely for Electomech, Xerox and Office Force. However the reimbursement for these payments came through in 2014 to SPNDS although it was deposited into the Consolidated Fund Account held the RBF.

Purchases such as these have ceased immediately and no other payment such as these has again been made from this allocation. Already in effect.

18.11 Acquittal records for Accountable advance and payment vouchers not provided for audit

The Accounting Head are responsible for the safekeeping and proper maintenance of all accounting records or documents.²⁵

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents. Where an advance has not been acquitted within seven days of travel, the Accounting Head shall effect recovery through a salary deduction from the concerned officer's salary within six (6) fortnights.²⁶

²⁵ Pro Forma Finance Manual 19.2.1

²⁶ Pro Forma Finance Manual 10.1.14

The audit noted that acquittal records for the accountable advances for official duties during the year 2014 were not provided to audit. Hence audit could not verify whether the Officers have fully acquitted the accountable advances and being expended for the purposes it was given for.

Moreover, two payment vouchers could not be located due to improper filing of the accounting records. Refer to Appendix 18.1 for details.

In addition, all the trust fund payment vouchers and related source documents made out of the Integrated Human & Resources Development Programme (IHRDP) during the year 2014 were not provided for audit.

The payments were made out to various payees via the following mode of payments;

- Manual cheques amounting to \$57,104.93 (chq no. 10 to 46)
- Electronic fund transfer (EFT) payments amounting to \$4,538.21 (EFT no. 1 - 32 and 143 -145)

The audit noted following the discussion with the Assistant Accounts Officer that the payment vouchers may have been misplaced during the cleaning up of the office.

The above findings indicate the laxity of the Accounting Head to ensure that all accounting records are properly filed and safeguarded.

In the absence of these payment vouchers and acquittal records, there is a high risk that unauthorized and fraudulent payments may have been made and it was not possible to verify whether the advances issued had been properly retired and the funds were utilized for the purposes it was expended for.

Recommendations

- **The Ministry should locate the acquittal records for the payment vouchers issued for accountable advances to determine which Officers have yet to adequately acquit the travel advance with relevant supporting documents.**
- **In the absence of receipts and acquittal records, all outstanding advances should be recovered via salary recovery from the relevant officers.**

Management Comments

We acknowledge your comments by OAG regarding the list of payment vouchers and the vouchers we have located.

We have attached the vouchers for your perusal. Assistance of 2 TRCO's by HRM team of MoF will allow one of the TRCO's to concentrate on maintaining our file records.

18.12 Agency Financial Statements under Finance Instructions 2010

The annual financial statement for a budget sector agency must:

- a) be signed by the chief executive officer of the agency or by a person specified for that purpose in the Finance Instructions; and
- b) be as audited by the Auditor-General and be accompanied by his or her audit opinion.²⁷

²⁷ Financial Management Act 2004 - section 50 (2)

Each agency must include the following statements in its annual financial statements:

- a) a statement of receipts and expenditure;
- b) a profit and loss statement for each trading and manufacturing activity (where applicable);
- c) an appropriation statement;
- d) a statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- e) notes to the statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- f) a statement of losses;
- g) a trust account statement of receipts and payments (where applicable).²⁸

The following anomalies were noted:

- The Department of Strategic Planning, National Development and Statistics submitted its financial statements on the 08 April 2015 and not on the 31 March 2015, as required under the Finance Instruction 2010;
- The Annual Financial statements did not include its Statement of losses and the Trust Account Statement of Receipts and Payments as required by section 71(1) of the Finance Instruction 2010; and
- The annual board of survey report for approval to write off of its unserviceable assets has yet to be forwarded to Ministry of Finance.

Non-submission of the statement of losses and statement of receipts and payments for the Trust account is a blatant disregard of the Finance Instruction requirement.

Recommendations

- **The Ministry should ensure that statement of losses and Statement of receipts and payments for Trust are prepared as required under section 71(1) of the Finance Instruction;**
- **The Agency Financial Statement should be submitted for audit no later than 31 March.**

Management Comment

The Ministry acknowledges the comments by the OAG and will be working with the Ministry of Finance in future to ensure that all statements required to be submitted with the Agency Financial Statement is submitted correctly and in a timely manner.

The Ministry will liaise with MoF for the compilation of AFS in future. To be done when we next submit the 2015 AFS to OAG.

18.13 Anomalies in Operating Trust Account

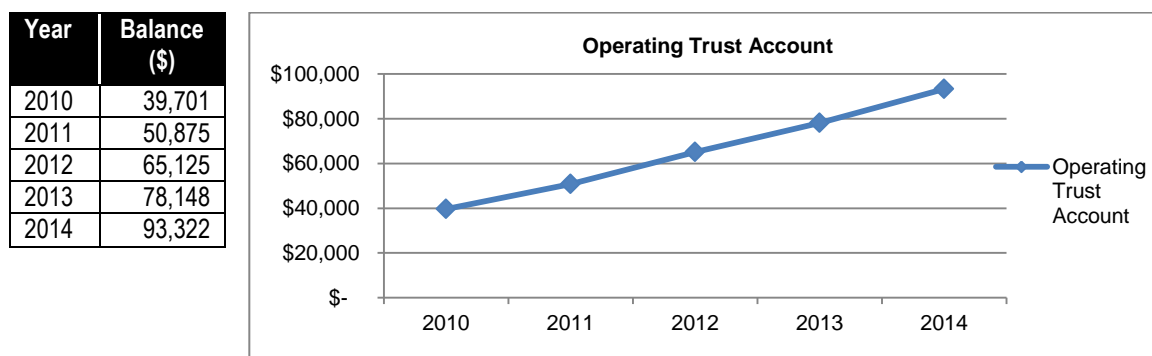
Trust Fund Accounts comprise monies, which are not the property of the State and are not utilized for the purposes of government.

²⁸ Finance Instruction 2010 – section 71 (1)

The audit noted that the operating trust fund account for the Strategic Planning Office had a credit balance of \$93,322 as at 31 December 2014. The trust fund account increased by \$15,174 or 19% compared to 2013.

Tabulated below is the trust fund account balances for the Office over the last five years.

Table 18.6: Operating Trust Account Balance over 5 year Period



The majority of the trust fund account balance of \$93,322 as at 31/12/14 is made up of the outstanding FNPF deductions, Service Worker Credit Union, and PSC scholarship loan which have credit balances of \$37,647, \$23,946 and \$20,199 respectively.

The audit noted that monthly reconciliation of the operating trust fund accounts failed to identify the particulars of the outstanding balance without fully detailing the list of officers making salary deductions and payment made to relevant entities. Therefore, the outstanding balance would denote the entities that did not receive those deductions of officers.

The increase in the trust fund account balances indicates the delayed payment of trust monies by the officer.

Recommendations

- **The Office should ensure that all the monies kept in the trust are cleared and paid to the respective payees accordingly on a timely basis during the month end; and**
- **The trust accounts reconciliation should reflect amounts which can be supported with reliable financial data which is true and fair.**

Management Comments

We acknowledge the comments of the OAG and the ministry will work on improving its clearance of the operating trust to the respective payees and to identify the credit balances which have been brought forward from previous years which we need to be adjusted.

In process. To be completed before closing of 2015 accounts.

Appendix 18.1: Detailed examples of payment vouchers with acquittal records of accountable advances not provided for audit

Date	Cheque /EFT No.	Payee	Amount (\$)	Remarks
13/02/14	22130	EDP # 40492	7,578.88	Payment Voucher and relevant source documents could not be located.
13/02/14	22131	Travel Agent	17,198.26	
14/02/14	83	EDP # 92488	583.00	Relevant acquittals details for the payment vouchers relating to accountable advance issued to Officers were not provided to audit.
24/02/14	11	EDP # 44505	642.60	
28/02/14	12	EDP # 44505	237.60	
12/03/14	15	EDP # 44505	700.00	
19/03/14	85	EDP # 92488	358.80	
21/03/14	86	EDP # 92488	305.40	
21/03/14	87	EDP # 44505	1,450.00	
07/04/14	90	EDP # 92488	394.20	
07/04/14	92	EDP # 49198	1,314.00	
07/04/14	93	EDP # 91254	700.00	
24/04/14	109	EDP # 92488	310.00	
02/05/14	111	EDP # 44505	1,407.75	
05/05/14	112	EDP # 92488	156.00	
23/05/14	131	EDP # 56696	694.00	
06/06/14	137	EDP # 92488	180.00	
31/07/14	157	EDP # 56696	390.00	
04/08/14	153	EDP # 56696	390.00	
11/08/14	187	EDP # 92488	1,158.00	
20/08/14	186	EDP # 69210	350.00	
21/08/14	188	EDP # 49198	181.00	
04/09/14	201	EDP # 49198	114.00	
29/12/14	287	EDP # 49198	100.00	

Section 19

Ministry of Rural, Maritime Development and National Disaster Management

Role and Responsibilities

The Ministry of Rural and Maritime Development and Disaster Management is mandated to manage and coordinate government's efforts in rural and maritime development programmes under the Integrated Rural Development Framework (IRDF) to support the aspirations of the Peoples Charter for Change, Peace and Progress, and further to support the "Bill of Rights" provisions of the 2013 Constitution of the Republic of Fiji.

These are targeted to generate economic growth and improving the standards of living in our rural communities, include the Self-Help Programme, Non-Cane Access Roads, Rural Housing Assistance Scheme, Emergency Water, and Maritime Roads Programme and facilitates the administration of the Committee for Better Utilization of Land.

Furthermore, the Ministry is also responsible for the implementation of the National Disaster Management Strategy as required by the 1995 National Disaster Management Plan and the National Disaster Management Act 1998 covering disaster prevention, mitigation, preparedness, response, emergency operations, relief and rehabilitation.

In addition, the Ministry provides other ancillary and support services to rural and peri-urban communities. These services include births, deaths and marriage registrations, issuance of licenses and collection of license and permits fees.

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PART A: FINANCIAL STATEMENTS

19.1 Audit Opinion

The audit of the 2014 accounts of the Ministry of Rural, Maritime Development and National Disaster Management resulted in the issue of a qualified audit report. The issues qualified are as follows:

- A variance of \$3.6 million exists between the trust fund cash at bank recorded in the general ledger (\$7.7 million) and the trust fund liability account balance (\$4.1 million) contrary to section 58 (3) of Finance Instructions 2010. In addition, the bank reconciliation for Provincial Development Trust Fund Account was not updated resulting in a variance of \$2,979,993 between the cash at bank balance and the cash balance recorded in the general ledger contrary to section 32(6) of the Finance Instructions 2010. Therefore, the *Trust Fund Account Statement of Receipts and Expenditures* cannot be ascertained to be fairly stated.
- The Board of Survey was in progress during the audit and as such the audit could not substantiate the Statement of Losses (other than money) contrary to section 49(2) of Finance Instructions 2010.

19.2 Statement of Receipts and Expenditure

The Ministry of Rural, Maritime Development and National Disaster Management collected revenue totalling \$1,302,185 and incurred a total expenditure of \$34,523,286 in 2014. Refer Table 19.1 for details.

Table 19.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue		
License Arms	---	868
License Liquor	790,504	892,751
License Trading	373,384	329,875
Other State Revenue	106,576	261,487
Total State Revenue	1,270,464	1,484,981
Agency Revenue		
Miscellaneous	31,721	43,260
TOTAL REVENUE	1,302,185	1,528,241
EXPENDITURES		
Operating		
Established staff	4,888,807	4,461,592
Unestablished staff	1,411,400	1,341,489
Travel & communication	339,629	307,159
Maintenance & Operations	862,941	803,867
Purchase of goods & services	579,061	437,396
Operating grants & transfers	38,019	35,518

Description	2014 (\$)	2013 (\$)
Special expenditures	2,172,947	1,060,204
Total Operating Expenditure	10,292,804	8,447,225
Capital Expenditures		
Capital Construction	2,169,090	1,403,609
Capital Purchases	3,026,226	729,352
Capital Grants & Transfers	17,908,733	36,235,194
Total Capital Expenditure	23,104,049	38,368,155
Value Added Tax	1,126,433	582,907
TOTAL EXPENDITURES	34,523,286	47,398,287

The decrease in revenue by \$226,056 or 15% was mainly due to the decrease in liquor licenses, registration fees and building plan fees.

The total expenditure decreased by \$12,875,001 or 27% in 2014 compared to 2013 as a result of the decrease in capital grants and transfers fund allocated to the Ministry during the year.

19.3 Appropriation Statement

The Ministry incurred expenditure totalling \$34,523,286 against the revised budget of \$39,717,237 resulting in a savings of \$5,193,951 or 13%.

Details of expenditures against the budget estimates are provided in Table 19.2.

Table 19.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	5,096,962	(79,700)	5,017,262	4,888,807	128,455
2	Government Wage Earners	1,410,193	79,700	1,489,893	1,411,400	78,493
3	Travel & Communication	332,500	14,885	347,385	339,629	7,756
4	Maintenance & Operations	830,359	71,090	901,449	862,941	38,508
5	Purchase of Goods & Services	717,210	(82,812)	634,398	579,061	55,337
6	Operating Grants & Transfers	40,000	(1,980)	38,020	38,019	1
7	Special Expenditure	804,400	1,487,772	2,292,172	2,172,947	119,225
	Total Operating Costs	9,231,624	1,488,955	10,720,579	10,292,804	427,775
	Capital Expenditure					
8	Capital Construction	2,238,000	56,609	2,294,609	2,169,090	125,519
9	Capital Purchases	7,200,000	(1,044,972)	6,155,028	3,026,226	3,128,802
10	Capital Grants & Transfers	19,229,313	(500,592)	18,728,721	17,908,733	819,988
	Total Capital Expenditure	28,667,313	(1,488,955)	27,178,358	23,104,049	4,074,309
13	Value Added Tax	1,818,300	---	1,818,300	1,126,433	691,867
	TOTAL EXPENDITURE	39,717,237	---	39,717,237	34,523,286	5,193,951

PART B: AUDIT FINDINGS

19.4 Unsubstantiated Loss Statement Due to Incomplete Board of Survey

Annual board of survey must be conducted by three officers who are independent of the officer responsible for the custody of the assets. A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.¹

The audit noted that the Ministry failed to submit the Board of Survey report for the year upon audit request for audit verification as the survey is still in progress.

Without a Board of Survey report, the Statement of Losses (Other than money) cannot be substantiated.

Recommendation

The Director Corporate Services should ensure that a Board of Survey is carried out annually in accordance with Section 49 of the Finance Instruction and a copy is readily available for audit verification.

Ministry's Comments

The recommendations are noted and we are still in the process of completing the survey.

19.5 Significant Variance between Trust Fund Cash and Liability Account Balance

The receipt and payment of trust money must be recorded in a separate cashbook or set of ledger account. Each month, the trust 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.²

As at 31/12/14, the Ministry's trust fund liability account amounted to \$4,101,315 compared to \$2,544,985 in 2013, an increase of \$1,556,330 or 61%. Refer Table 19.3 for details of trust fund account balances for the past five years.

Table 19.3: Trust Fund Account Balance over the Five Year Period

Year	Trust Fund Cash (\$)	Trust Fund Liability Account (\$)
2010	1,948	666,638
2011	(287,153)	(692,218)
2012	6,198,769	2,435,050
2013	6,288,800	2,544,985
2014	7,733,755	4,101,315

As at 31/12/14, the Ministry's trust fund cash account amounted to \$7,733,755 compared to \$6,288,800 in 2013, an increase of \$1,444,955 or 23%. The audit noted a variance of \$3.6 million

¹ Finance Instruction 2010 – Section 49(2)

² Ministry of Finance Instructions 2010, Section 58 (1- 4)

between the trust fund cash at bank recorded in general ledger (\$7.7 million) and the trust fund liability account balance (\$4,101,315).

The Ministry was not able to identify the detail of variance noted between the two records.

The audit further established that the Ministry have not completed the bank reconciliation for the *Provincial Development* Trust Fund Account for the year 2014.

The variance noted above and in the absence of proper reconciliations, the cash at bank balance in the general ledger could not be substantiated.

Recommendation

The Manager Finance should ensure that proper monthly reconciliations between cash at bank general ledger balance and trust fund liability account are accurately carried out. Any variance noted should be investigated and adjusted accordingly.

Ministry's Comments

The recommendations are noted and the Ministry is currently working with FMIS Unit to correct the anomalies.

19.6 Anomalies for the Trust Fund Cash Account

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.³

Any errors or misallocations in the general ledger reconciliation must be immediately adjusted by way of journal vouchers.⁴ The Manager Finance shall ensure that any misallocation or outstanding balances from the previous month reconciliations have been dealt with.⁵

Audit noted the following anomalies for the Trust Fund Cash Records;

- The *Provincial Development* bank reconciliations were not provided for audit verification as the Ministry have not completed the bank reconciliation for the *Provincial Development* Trust Fund Account for the year 2014.
- There is a variance of \$2,979,993 for the *Provincial Development* Trust Fund cash balance between the cash at bank balance and the cash balance reported in the General Ledger (FMIS) as at 31 December 2014. Refer Table 19.4 for details.

Table 19.4: Details of Variance in Trust Fund Cash Account Balance

Account Descriptions	Allocation	Domestic Bank Balance (GL) (\$)	Bank Balance (\$)	Variance (\$)
Provincial Development	9-18101-68999-520301	4,990,332	2,010,339	2,979,993

- The Ministry was not able to identify the detail of variance noted between the two records.

³Ministry of Finance Instructions 2010, Section 32 (6).

⁴Ministry of Rural, Maritime Development and National Disaster Management Finance Manual 2013 – Section 14.3.4

⁵Ministry of Rural, Maritime Development and National Disaster Management Finance Manual 2013 – Section 14.3.6

As a result, audit was not able to substantiate the accuracy of cash at bank balance as at 31 December 2014 for the Trust Fund Account in the General Ledger Account.

Failures to carry out proper bank reconciliations increase the risk of misappropriations and undetected fraud in a timely manner.

Due to the variances noted the Trust Fund Statement of Receipts and Expenditure for the financial year cannot be relied upon.

Recommendation

The Manager Finance should ensure that proper reconciliations are carried out and any errors are investigated and resolved promptly in a timely manner to avoid significant variations in the bank account reconciliation.

Ministry's Comments

The recommendations are noted and the Ministry is currently working with FMIS Unit to correct the anomalies.

19.7 Incorrect Preparation of Bank Reconciliation

The receipt and payment of trust money must be recorded in a separate cashbook or set of ledger accounts. Each month, the trust 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.⁶

Audit review and scrutiny of Trust Fund Account records reveal the following anomalies.

Table 19.5: Anomalies in the Bank Reconciliations

True Trust Account	Anomalies	Remedies
WBC – Ministry of Provincial Development Trust Account	There is no cashbook for this bank account, only a cheque register is maintained.	The correct format of the bank reconciliation is shown in Schedule 2 of Part 6 (Cash Management) of the Ministry's Finance Manual. The bank reconciliation reconciles the bank statement balance with the cashbook balance. The cashbook balance is then compared with the GL balance. The two records should be the same. If variances are noted then this is rectified by either raising journal vouchers to correct the wrong entries or update the record which is lacking
	The reconciliations for January to October were all prepared and checked on 18/11/14 and approved by PS on 18/11/14.	
	The balance as per bank statement used in the reconciliation is incorrect as the opening balance for the month were used rather than closing balance of the bank statement	
	The lodgment not yet credited stated in the reconciliation is incorrect as it includes all the revenues from the bank statement excluding interest. The lodgments not yet credited amount should be the revenue that is in the cashbook and the GL but is not yet reflected in the bank statement.	
	The bank fees and charges (direct debits) should be added to the bank statement balance which is the correct format of the bank reconciliation.	
	The interest should be subtracted from the bank statement balance which is the correct format of the bank reconciliation.	
	Revenue in the GL does not match the revenue in the cash analysis sheet. There are revenues receipted and appeared in the bank statement but were not posted to the GL.	
BSP – PM's National Disaster Relief and Rehabilitation	There is no cashbook for this bank account, only a cheque register is maintained.	
	The reconciliations for January to August were all prepared and checked on 26/09/14 and approved by PS on 29/09/14.	
	The bank fees and charges (direct debits) should be added to the bank statement balance which is the correct format of the bank reconciliation.	

⁶ Finance Instructions 2010 – section 58 (1) – (3)

True Trust Account	Anomalies	Remedies
	The interest should be subtracted from the bank statement balance which is the correct format of the bank reconciliation.	certain information.
	The balance as per bank statement used in the reconciliation is incorrect as the closing balance for the month should be used and not the opening balance.	
	The lodgment not yet credited stated in the reconciliation is incorrect as it includes all the revenues from the bank statement excluding interest. The lodgments not yet credited amount should be the revenue that is in the cashbook and the GL but is not yet reflected in the bank statement.	

The bank reconciliation is a vital internal control mechanism that acts as a checking tool in an accounting function. Failure to correctly prepare the reconciliations indicates problems in this account area that needs the vigorous attention of the management of the Ministry.

Failure to prepare the proper bank reconciliations could lead to fraud and misuse of public funds.

Recommendations

- **The Ministry should ensure that reconciliations are conducted periodically with variances properly documented and appropriately accounted for.**
- **Non-compliance with the Finance Instructions should be dealt with accordingly.**

Ministry's Comments

Recommendations noted and the Ministry is working on updating our Trust Fund Accounts with the FMIS unit of the Ministry of Finance.

19.8 Arrears of Revenue

The quarterly arrears of revenue report must outline the amount outstanding but not yet due, the total for each overdue age category; name of each debtor within each age category and the recovery actions taken for each overdue debt.⁷

As at 31/12/14, the Ministry's arrears of revenue amounted to \$756,568 compared to \$656,688 in 2013, an increase of \$99,880 or 15%. Refer Table 19.6 for details of arrears of revenue for the past five years.

Table 19.6: Arrears of Revenue over the five year period

Year	Amount (\$)	Per Cent Movement
2010	507,898	0
2011	499,358	(2)
2012	495,059	(1)
2013	656,688	33
2014	756,568	15

In addition, it was noted that arrears of revenue totalled to 58% of the revenue collected for the year.

⁷ Proforma Finance Manual 2011 – Section 9.3.3

The above shows weak measures undertaken to collect these revenue and may become irrecoverable if not collected on a timely basis.

Recommendation

The Manager Finance should ensure that revenue dues are collected on a timely basis to avoid further accumulation of arrears balance.

Ministry's Comments

The Ministry is working with the Tikina Councils in our efforts to identify which businesses are still in operation and those that are no longer operating so as to enable us to determine the fees that are due.

19.9 Revenue Anomalies

The Manager Finance is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁸ 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

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.¹⁰

The revenue collector shall bank money received on a daily basis at least. The lodgment form shall be prepared in triplicate detailing the deposits to be made.¹¹ If a receipt is spoilt, it shall be marked “cancelled” and retained in the receipt book.¹² The revenue collector shall keep one lodgment form and attach the other form to the cash analysis book.¹³

Our review of the revenue records revealed the following anomalies;

- the original of a cancelled receipt was not retained in the receipt book;
- banking were done after more than two days; and
- receipts were not recorded in the cash analysis sheet or bank lodgment form.

The finding indicates that banking was not properly checked by supervising officers to ensure that banking was done on the day revenue was collected or on the next banking day.

Failure to lodge revenue within two days increases the risk of misappropriation and theft of state revenue.

In the absence of records and supporting documents, transactions recorded in the general ledger are unauthenticated.

⁸ Ministry of Rural, Maritime Development & National Disaster Management Finance Manual 2013 - Section 17.2.1

⁹ Public Service Commission Circular No. 10/2011

¹⁰ Finance Instruction 2010 – Section 59

¹¹ Ministry of Rural, Maritime Development and National Disaster Management Finance Manual 2013 - section 5.4.2

¹² Ministry of Rural, Maritime Development and National Disaster Management Finance Manual 2013 - section 5.3.5

¹³ Ministry of Rural, Maritime Development and National Disaster Management Finance Manual 2013 - section 5.4.5

Recommendations

- **The Manager Finance should ensure that all accounting records are properly maintained in accordance to section 17.2.1 of the Finance Manual.**
- **The Manager Finance should ensure that proper and stringent internal control such as supervisory checks on revenue collection or receipting should be strengthened to ensure that revenue are banked daily.**

Ministry's Comments

Recommendations are noted and stringent checks are now being taken to ensure that lodgements are done on a daily basis and records are made available for audit scrutiny.

19.10 Rate Deducted for Government Rented Quarters Less than 8%

As from 1st January 2011, the rental cap under GO601 has been removed with 8% of basic salary remaining as the rent contribution by eligible Officers accommodated either in Government Quarters or rented premises.¹⁴

The audit noted that certain officer's deductions totaling \$24,349 have not been effected even though they were occupying the quarters for the Ministry.

The non-deduction of rent contributions resulted from the failure of the Divisional Administrator to submit the list of officers occupying government rented quarters to Ministry's Headquarters.

Failure to deduct rent contributions in a timely manner accumulates arrears of revenue which may not be recovered thus increase the risk of bad debts.

Recommendation

The Manager Finance should ensure that underpaid rent is recovered and proper internal control such as payroll supervisory checks are done to ensure that all rental owed by staffs are recovered accordingly.

Ministry's Comments

The comments are noted and we are reconciling all rent underpayments deductions for the officers reported by audit office and will effect recovery before year end.

19.11 Failure to Retire Accountable Advance

It shall be the responsibility of the Manager Finance to ensure that a travel advance for an officer is not approved if he/she had taken an earlier advance and it has not yet been cleared.¹⁵ A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents.¹⁶ Where an advance has not been acquitted within seven days of travel, the Manager Finance shall affect recovery through a salary deduction from the concerned

¹⁴ Public Service Commission Circular No. 06/2011

¹⁵ Ministry of Rural, Maritime Development and National Disaster Management Finance Manual 2013 section 8.1.6

¹⁶ Ministry of Rural, Maritime Development and National Disaster Management Finance Manual 2013 section 8.1.11

officer's salary within six (6) fortnights.¹⁷

A review of advances issued during the year reveal that a total of \$10,736 of advances were outstanding as at 31/12/2014.

Non-timely retirement of advances accumulates accounts receivable and results in unrecorded expenditure for the period. Hence the expenditure will be understated at year end resulting in the misstatement of the Ministry's financial statement.

The above indicates failure of the Ministry in the administration of advances and as such will be one of the compounding factors of large balances in advance accounts at year end.

Recommendation

The Manager Finance should strengthen supervisory checks for the clearance of advances and recovery actions are implemented in accordance to section 8.1.14 of the Finance Manual.

Ministry's Comments

Recommendations are noted and we are currently reconciling again the outstanding advances for 2014 before we effect salary recovery from the respective officers reported by audit office.

19.12 Anomalies noted for Public Sector Investment Projects (PSIP)

The Public Sector Investment Program (PSIP) consists of a three -year pipeline of capital projects for funding through Government and development partners. The objectives of the PSIP are to produce a set of sound and viable projects that can be funded either domestically or by External sources; to enhance the efficiency and effectiveness of public sector investment; to raise the level of public sector investment relative to GDP and overall investment levels; to package and programme capital investment projects to an international standard in order to attract donor financing; and to effectively plan and manage external donor financing.¹⁸

Monitoring and Evaluation are to be conducted by respective project management teams at the following four levels: community; provincial and district level; divisional level (Planning and Coordination Cell); and HQ (Development Unit).¹⁹ Upon completion of a project, Provincial Administrators and District Officers are to forward a physical acquittal report to the Divisional Commissioners in the form of Completion Certificate.²⁰

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 maximize economy and efficiency and the ethical use of government resources.²¹ Permanent Secretaries and Heads of Departments were advised that all Government contracts are to be vetted by the Solicitor General's Office during negotiations stage and as well as prior to its execution. This is to ensure that the Government's legal recourse and exposure are properly considered and protected.²²

Due diligence is an integral part of the evaluation process that must be completed prior to awarding of the contract. During this phase, government agencies must check all the terms and conditions against the supplier's information as well as seek further information from the relevant authorities to verify the

¹⁷Ministry of Rural, Maritime Development and National Disaster Management Finance Manual 2013 section 8.1.14

¹⁸Public Sector Investment Program Manual – September 2009 – Part 1 & 2 – Introduction and Objective

¹⁹Ministry of Rural, Maritime Development Standard Operating Procedure – Part V, Section 8.1

²⁰Ministry of Rural, Maritime Development Standard Operating Procedure – Part V, Section 7.5

²¹Fiji Procurement Regulation 2012, section 3 (1)

²²Public Service Circular 33/2013 on Government Contract and Ministry of Finance Circular 3/2013, clause 4.1 and 3.3

information provided. The process of due diligence will enable the Ministry to test the contractor's ability to fully perform the required standard of work.²³

The Manager Finance or Accounts Officer must not certify a payment as correct unless they are satisfied that there is documentation that the works have been carried out.²⁴

Audit scrutiny of the Public Sector Investment Program Project (PSIP projects) revealed the following anomalies:

- Incomplete project after the completion timeframe;
- Payments were continuously made despite projects were delayed by the various contractors;
- Monthly project status and monitoring report were not filed and produce to audit to determine the status of the project;
- There was no evidence of legal vetting of the Memorandum of Understanding (MOU) by the Solicitor General office.
- The Memorandum of Understanding (MOU) does not specify timeframe of work and clauses for delay in work. Refer Table 19.7 of projects reviewed.

Table 19.7: Detail of PSIP Project Anomalies

Date	Chq No.	Name of Project	Amount (\$)	Remarks
Eastern Division				
15/04/14	10958	Construction of Vunisei to Daku/Soso/Dravuwalu Road	298,773	No monitoring report and progress reports submitted to audit to determine status of these projects. The agreement for the project was not vetted by the Solicitor General Office.
12/2014	JV 03/12/14	Upgrading of Namara to Muanisolo Road	280,582	
31/03/14	10923	Kadavu Feasibility Study	100,000	
Total			679,355	
Northern Division				
2011 to 2014	Various	Payments for the 14 km (four phase) of Korosi/Balaga Bay Road for a timeline of 4 year period of construction.	1,566,576	Only phase 1 of 4 km completed and physical implementation is 38% as at 31/12/14. Phase two to four of 10 km yet to commence.
2012 to 2013	Various	Payments for the 15 km of Kilaka/Niudua Road for a timeline of 2 year period.	705,753	Only 10 km completed and physical implementation is 66% as at 31/12/14. No progress and monitoring reports for 2013 submitted to audit to determine status of this project.
2013 to 2014	Various	Payments for the extension of electricity grid from Nakasa to the newly constructed Ulivalili Secondary School.	544,250	<ul style="list-style-type: none">• Site visit²⁵ verification in July 2015 reveals that there is no power supply by Government Statutory Authority as the school is currently using solar energy;• There is no evidence of vetting of the Memorandum of Understanding (MOU) by Solicitor General;• The Memorandum of Understanding (MOU) does not specify timeframe of work and clauses for delay in work;• Audit cannot ascertain the works carried out as there was no monitoring and

²³Ministry of Finance Circular 8/2013, clause 2.3 and 2.4 – Conducting Due Diligence Prior to Finalizing Contracts

²⁴Ministry of Rural, Maritime Development and National Disaster Management Finance Manual 2013 - section 2.8.4 (ii)

²⁵ 02/07/15 – Date of site visit verification to Northern Division

Date	Chq No.	Name of Project	Amount (\$)	Remarks
				progress reports submitted by the Division upon audit request.
2012 to 2013	Various	Payments for the 12 km of Vunilagi/Lea Road for a timeline of 2 year period.	693,719	<ul style="list-style-type: none"> Audit site visit²⁶ verification reveals that only one kilometre of roads was constructed; Audit cannot ascertain the quality of works carried out as there was no monitoring and progress reports submitted by the Division upon audit request; Audit established that the Memorandum of Agreement does not specify completion date of the project and also clauses for delay in work

Failure to properly certify and approve the payments of PSIP projects increases the risk of fraudulent payments and corrupt practices which may not be detected in a timely manner thus increases the loss of taxpayers' funds.

In the absence of due diligence performed, the agreement may not be financially and legally sound. As such the risk of losses for Government increases as Government would have to incur additional cost for completing the construction works if the contractor fails to successfully complete the works as per the required standard.

Failure to monitor the progress of the projects may result in the delay in implementation and completion of the project in a timely manner.

Recommendations

- **The Divisional Officers, Provincial Administrator and Planning Officers should ensure that community projects are monitored on a monthly basis and reported to the Commissioner and the Permanent Secretary.**
- **The reports are to be filed in the project files for records and status follow up. All agreements should be competently vetted.**
- **The Ministry and the Division should inquire about the deficiencies and negligence found in the project and take appropriate actions to correct and strengthen internal controls.**
- **The Ministry and the Division should ensure that due diligence are performed prior to signing of the agreement and payment to the contractors.**

Ministry's Comments

Kadavu Feasibility Study – This project was undertaken by the Department of Energy (DOE). \$100,000 allocated for the project was the contribution from the Commissioner Eastern office with the undertaking (in writing) that the funds will be utilized towards the United Arab Emirates (Abu Dhabi) funded (US \$5M) solar project for the 3 Provinces of Kadavu, Lakeba and Rotuma. Funding was released in March 2014 which was used in accordance to the undertaking made for the following: (i). Land Acquisition and Environmental Impact Assessment; (ii). Actual Land Lease Payments; (iii). EIA Payments and (iv). Travelling Costs to the island (hire of plane and boat). Furthermore, it is to be noted that the Contract Agreement for the project was prepared by DoE which went through the normal legalities of vetting. Also, the acquittal for the same amount was submitted

²⁶ 02/07/15 & 03/07/15

by DoE showing that funding was fully utilized for the said purpose.

Vunisei to Daku Road – the funding was approved in late 1st quarter of 2014 and released to the RFMF Engineers. However, this project could not commence straight after the release of funding due to the reason being that the RFMF Engineers has identified some gaps to actually start the project. A survey undertaken by RFMF Engineers discovered that upgrading works on Vunisei road cannot commence unless the **Namara to Muanisolo road** (which was not provided any budgetary allocation) is upgraded which links to create access to the Vunisei road. Thus, savings of \$280,581.60 from the Commissioner Eastern's PSIP budget was identified to undertake the upgrading (gravelling) of Namara to Muanisolo road for which all paper work was done with funding released in early October.

Further, the standard MOU agreed between the two parties were signed to ensure that projects were implemented in a timely manner. However, given the audit issues raised last year, all MoUs are now sent to the SGs Office for final vetting.

KOROSI/BALAGA ROAD

The Korosi/Balaga Road was implemented by the Government Agency Engineer section with initial funding budgeted in 2011. However, funding was released late in December which does not allow implementation at the end of 2011 as per scope of work articulated in the MOU.

The delayed schedule was further exacerbated by the continuous rainfall experienced at the site. The construction site experienced 2-3 times heavy rainfall in a week.

To ensure that implementation continues, request for release of allocated funds for the construction of Korosi/Balaga Road was submitted to Ministry of Finance every year (2012 – 2014). Approval was sought for the RIE and funds were released despite delay in implementation as per scope of work.

Work is still ongoing at the site and envisaged that the construction works to be completed at the end of 2015. However, the government agency engineer section requested additional \$500,000 which is equivalent to the total amount redeployed for the flood rehabilitation in the Western Division.

Following discussion with the Government Agency Engineer section (contractor) representative was informed that the remaining balance from the allocated budget with the Government Agency Engineer section is insufficient to undertake the remaining construction works to complete this road.

Quarterly Performance and Progress Report (QPPR) usually submitted to National Planning. Most of the reports were saved on desktop without any file copy.

KILAKA/NIUDUA ROAD

Construction works usually carry forward to the following year. Quarterly Performance and Progress Report (QPPR) usually submitted to National Planning. Most of the reports were saved on desktop without any file copy.

NAKASA/ULUIVALILI GRID EXTENSION

The budget allocated in 2013 amounting to \$350,000 is for installing the express lines.

The Government Statutory Authority informed the Office that the allocated amount was insufficient if to install lines to the individual households. In this regard, another request was made to Department of Energy to provide additional funding of \$194,250.00. This was later approved and released to government statutory authority in 2014. The Government Statutory Authority has to tender the project for interested bidders to undertake the installation of individual lines. The paper work and the tender was finalised and advertised in early 2015.

VUNILAGI/LEA ROAD

Despite that all the necessary ground work has been undertaken including the approval of the landowners, further disagreement arose from another Mataqali which resulted to the project to be on hold.

Later the land issue was settled while FRA was the authority in charge of all rural roads. Delay of implementation was noted since then.

There was no progress reports (QPPR) submitted to Commissioner's Office. QPPR submitted to National Planning was based on the Office site inspections. Quarterly Performance and Progress Report (QPPR) usually submitted to National Planning. Most of the reports were saved on desktop without any file copy.

19.13 Anomalies Noted for Self Help Projects

The self-help scheme is to promote and assist rural dwellers in the construction of small infrastructural and/ or other projects and provision of income generating projects on a cost sharing basis where the community provides 1/3 contribution whilst Government provides 2/3rds of the total project cost.²⁷

A standard Memorandum of Understanding (MOU) where necessary is to be signed between the Divisional Commissioners and the recipient community on the use of a 'project' especially on machine related equipment.²⁸ The Provincial HOD Committee and the Provincial Development Board are to discuss and endorse the projects for consideration by Divisional Commissioners.²⁹

Provincial Administrators/District Officers are to be assisted by the recipient Community Management teams to monitor projects on a regular basis and provide progress reports to Divisional Commissioners on a monthly basis.³⁰ Upon completion of a project, Provincial Administrators and District Officers are to forward a physical acquittal report to the Divisional Commissioners in the form of a completion certificate.³¹

A file should be opened upon receipt of the Application/Project Proposal, and the same file should be used when funding is approved.³² Monitoring and Evaluation are to be conducted by respective project management teams at the following four levels: community; provincial and district level; divisional level (Planning and Coordination Cell); and HQ (Development Unit).³³

The audit noted poor record keeping for self-help projects and as such the status of the project cannot be ascertained and the following could not be determined:

- Monthly project status and monitoring report;
- Responsible Officers for monitoring projects;
- Certification on quality of project completed or handover certificate.
- There was no memorandum of understanding (MOU) between the Ministry and the recipient and the audit cannot determine the value of 1/3 contribution by the recipient;
- Instances were noted where there was no application/project proposal attached; and
- Also the audit further noted that there was no project profile and unsigned project profile attached. Refer Table 19.8 of projects reviewed.

Table 19.8: Details of Poor Record Keeping Anomalies Noted in the Self Help Projects

Name of Project	Amount (\$)	Remarks
Western Division		
Yako Koro Doko Water Project	15,195	No MOU, no acquittal report and no Completion Certificate
Matalevu Water Project	16,329	
Namarai Youth Project	11,686	No MOU and no completion certificate
Namada Borehole Project	10,476	
Vatamai Borehole No. 1 Project Water Pump	7,820	No completion certificate and no acquittal report

²⁷Ministry of Rural, Maritime Development Standard Operating Procedure – Part IV, Section 1.1

²⁸Ministry of Rural, Maritime Development Standard Operating Procedure – Part IV, Section 7.4

²⁹Ministry of Rural, Maritime Development – Standard Operating Procedures – Section IV (5.3)

³⁰Ministry of Rural, Maritime Development Standard Operating Procedure – Part IV, Section 8.2

³¹Ministry of Rural, Maritime Development Standard Operating Procedure – Part IV, Section 7.5

³²Ministry of Rural, Maritime Development Standard Operating Procedure – Part IV, Section 4.3

³³Ministry of Rural, Maritime Development Standard Operating Procedure – Part IV, Section 8.1

Name of Project	Amount (\$)	Remarks
Eastern Division		
Mackay Fishing Project	17,530	No completion certificate and MOU. Project profile not endorsed by Commissioner
Vunuku Sea Transport	7,900	No monitoring report, completion certificate and MOU
Uate Daveta Soko Outboard Engine Project	7,900	
Tokatoka Naivisovadravu Outboard Engine Project	5,092	No monitoring report, completion certificate and MOU. Project profile not endorsed by CED
Muaninuku Village Water Project	1,690	No monitoring report, completion certificate and MOU. The value of the 1/3 contribution cannot be determined.
Juju Piggery Fence Repairs	4,281	
Sanaila Vakaduruo Outboard Engine	2,895	No monitoring report, completion certificate and MOU.
Mosese Talemaipapalagi Sea Transport	17,530	No monitoring report, completion certificate
Northern Division		
Vunivacea Rice Farming	23,300	There is no project file so therefore the 1/3 contribution cannot be determined. No application or project proposal attached. Project profile not signed by CND.
Nasoka Water Project	13,791	Application/Project proposal dated 17/12/13. No project profile attached.
Vunitarawau Water Project	15,078	There is no project file. Project profile not attached.
Napuka Village Fibre Boat and Engine	10,600	There is no project file – one third contribution cannot be verified. Project profile not attached.
Delaivuna Water Project	15,025	There is no project file – one third contribution cannot be verified.

Failure to properly record and monitor the progress of the projects, safeguard and endorse project paper may result in the delay in implementation and completion of the project in a timely manner. Also, the risk of fraud and manipulation is high.

In the absence of completion certificate, there is a risk that the project may not be surveyed, evaluated and certified by the required technical engineer and officer to ensure that it is completed satisfactorily to the required standard.

Recommendations

- **The Divisional Officers, Provincial Administrator and Planning Officers should ensure that community projects are monitored on a monthly basis and reported to the Commissioner and the Permanent Secretary. The reports are to be filed in the project files for records and status follow up.**
- **The Commissioners and the Provincial Administrators should ensure that all constructions works and project completed are certified by the respective technical officer from respective Ministries after completion.**
- **The Commissioners, Provincial Administrators and District Officers should ensure that project profile are properly signed and endorsed by authorized officers.**

Ministry's Comments**Western Division's Comments**

<i>Project Name</i>	<i>Remarks</i>
<i>Yako Koro Doko Water Project</i>	<i>No MOU / No Acquittal Report / No Completion Certificates We admit that Projects have been carried out without MOU being signed, before commencement of Projects. Once the Project are complete and DO's and PA's confirm it's completion we rate our project Complete. Our oversight of the importance of Acquittal Report and Completion Certificates is truly regretted and we are determined to strictly implement this measure starting 2016 Projects. We honestly admit our mistake.</i>
<i>Matalevu Water Project</i>	
<i>Namarai Youth Project</i>	
<i>Namada Borehole Project</i>	
<i>Vatamai Borehole No 1 Project Water Pump</i>	

Eastern Division's Comments

Completion certificate may not be necessary for projects such as these, whereby it is a one off project. Purchase is made and item is handed over to the recipients, however we issue Hand-over certificates that specifies conditions that need to be adhered to. The PAs and DOs send photos of the completed projects for verification purpose.

We have raised the issue about the MOU with the Ministry and informed that we need a standard to fast track the implementation of projects as all MOUs have to be vetted by SG's office and this takes time and may be a cause of delay to implementation. In addition, the SOP for the capital programmes is still in draft however we have the Hand-over Certificate specifying the conditions that project is used for the purpose it was intended for.

Project Profile not signed - This was during the handing over of the shift in appointments that were carried out after the election. This occurred because of the changes being made to project papers due to change in quotations and the need to deliver the project as time was not on our side.

Monitoring is conducted but not regularly as expected due to the geographical layout challenge and high cost of transportation across the maritime islands, the CED office does its best to monitor its capital projects on the ground using the PA's and DO's that are stationed close to any project. The CED planning Unit also does the monitoring whenever there is an opportunity, this monitoring is to ensure that the project are implemented as according to the project document and that the materials supplied are utilized according to its intended purpose.

Quantifying of in kind 1/3 contributions - The officers writing project profiles are not technical officers and find it difficult to calculate a monetary value for in kind contribution. This is an area that we are improving on by engaging technical officers to assist in the valuing of in kind contribution.

Northern Division's Comments

The comments are noted and Provincial Administrators and District Officers will ensure that all project profiles are to be endorsed and signed by the authorized officers together with all the required documents before it is forwarded to Commissioner Northern for his endorsement.

The Planning Cell at the Division to ensure that all project files are maintained with all the required documents properly kept for future reference and Audit Purposes

19.14 Inadequate Management of Project Materials/Items at Top Yard Store

Inventory purchasing, storage and recording should be efficiently managed to ensure that there is a sufficient level of inventories when needed, while minimizing the cost of holding inventory and the

risk of stock becoming obsolete or damaged.³⁴ 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.³⁵

A stocktake must be undertaken each year to verify the existence and condition of inventories on hand.³⁶

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register provided that, for agencies that have, in the opinion of the Permanent Secretary a large asset base, the board of survey to be conducted on a cyclical basis so that all assets are checked every three years.³⁷ Annual boards of survey must be conducted by three officers who are independent of the officer responsible for the custody of the assets. A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.³⁸

The audit inspection of the store house at Topyard, Walu Bay revealed the following anomalies:

- There was no board of survey carried out for the year ended 2014;
- Unaccounted project building materials and other items were also noted to be stacked idly outside the yard which has been there for some years. Refer to Figure 19.6 of Appendix 19.1 for detail site visit evidence;
- Unaccounted materials stacked idly outside the yard are deteriorating due to weathering and wear and tear;
- Damaged and obsolete items were not cleared away which were occupying most of the space within the yard. Refer to Figure 19.5 of Appendix 19.1 for detail site visit evidence;
- Items and materials that were declared unserviceable were stacked inside the store room occupying good storage space for storing the building materials lying outside the yard. Refer to Figure 19.7 of Appendix 19.1 for detail site visit evidence; and
- Audit further established that some items and materials declared unserviceable were still good and in useable condition. Refer to Figure 19.7 of Appendix 19.1 for detail site visit evidence.

The above anomaly was first highlighted in the 2012 Draft Audit Memorandum which was issued to the Ministry on 10/05/2013 however the Division failed to take immediate action.

Accumulation of project building materials and other items without being used or distributed in a timely manner is a waste of taxpayer's funds allocated to the Ministry depriving the development and assistance of communities and individuals.

Recommendations

- **The Officer in Charge of the top yard store should properly place items received in the shed or in a proper storage facility to avoid deterioration due to weathering.**
- **The Officer in charge should ensure that unserviceable items, damaged and obsolete stock are removed from the yard to allow proper storage space for the new project building materials and other items.**
- **The Commissioner Eastern Division should make use of those unserviceable items (which**

³⁴Ministry of Rural, Maritime Development and National Disaster Management, Finance Manual 2013 – Part 7, Inventory Management

³⁵ Ministry of Rural, Maritime Development and National Disaster Management, Finance Manual 2013 – Section 7.2.1

³⁶ Finance Instructions 2010 – Section 38

³⁷ Finance Instructions 2010 – Section 49(1)

³⁸ Finance Instructions 2010 – Section 49(2)

are noted to be in good conditions and other unaccounted project building materials) for new projects which are yet to be initiated, hence reducing the project cost for the government and saving some of the taxpayer's funds which could be used for other priority project.

- The Commissioner Eastern Division, Eastern Division Principal Planning officer and Director Corporate Services should immediately instigate a stock take of items at Top yard storehouse and strengthen supervisory checks in the management of storehouse at Top yard.

Ministry's Comments

It is understood that unserviceable items are those that are not in working condition or fulfilling its function effectively. For this, it is not in the best interest of the people if these items are being supplied to them.

The topyard storehouse is under the Ministry and to take a stocktake it will be conducted by the Corporate Department whereas the materials for the Eastern Division is checked and monitored by the Eastern technical officer at the yard.

19.15 Anomalies in the Tropical Cyclone Evans Rehabilitation

Tropical Cyclone Evans hit Fiji at the end of the year 2012 to early 2013. The tropical cyclone destroyed properties and family homes of many in the Northern Division.

Once application is received from the applicants, an assessment team is sent to assess and verify the damaged houses. This assessment team will then estimate the required materials needed for the partly damaged house and those that need a complete new home. After assessment, a project profile is created for those approved applicants. The recipient project profile is then forwarded to Provincial Administrator or District Officer for recommendation for funding and then to the Commissioner Western Division for endorsement.

The project profile includes the residential dwelling damage assessment form, verification report and issuance voucher which documents the description of materials to be issue, value of assistance to be provided to the applicant, and the respective payee. Issue voucher are then endorsed and authorized for issue by the respective officer in charge for the verifications and assessments.

Audit noted the following anomalies in the Tropical Cyclone Evans Rehabilitation for Western Division:

- Damaged house even though one year has not even lapsed from the date of completion;
- Houses were not yet constructed even though all the materials have been delivered as recipients now face land and financial issues in repairing the partly damage house; and
- there were unsigned completion certificates noted. Refer Tables 19.9 and Table 19.10 of projects reviewed.

Table 19.9: Details of TC Evans Rehabilitation Anomalies Noted for Recipient of Assistance

Recipient No.	Location	Damage Status	Remarks
1	Nagado Village, Nadi	Completely Damaged	House is completed and all materials have been received. However, the roof is leaking as shown in the picture. Due to the leak, one masonite board has started to disengage from the rest of the ceiling. Refer to figure 19.8 of appendix 19.2.1 for detail site visit.
2	Korovou Village, Tavua	Partly Damaged	House is yet to be completed and even though all the materials have been received. Refer to figure 19.9 of appendix 19.2.1 for detail site visit.

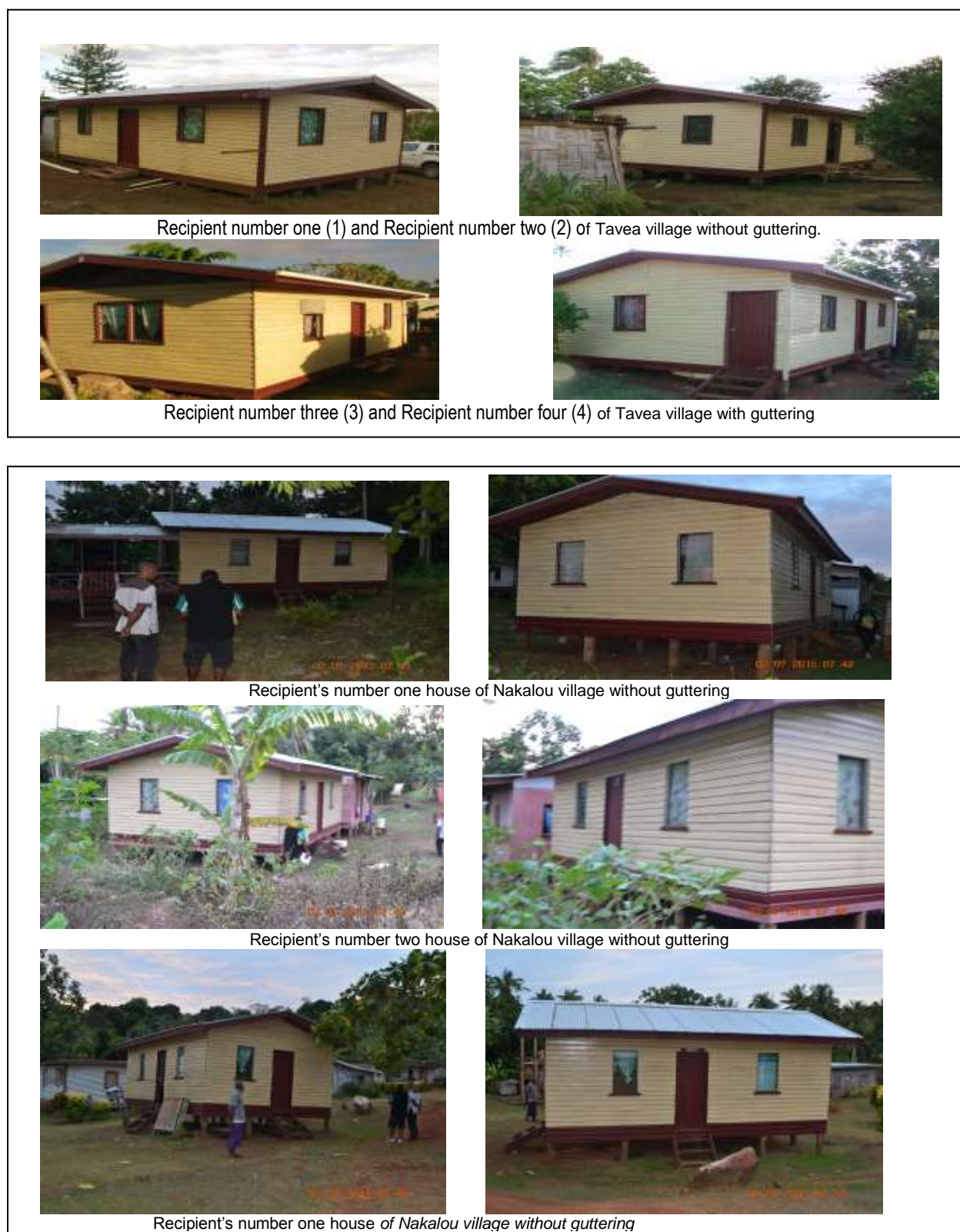
Recipient No.	Location	Damage Status	Remarks
3	Korovou Settlement, Tavua	Partly Damaged	House is yet to be completed and even though all the materials have been received. Refer to figure 19.10 of appendix 19.2.1 for detail site visit.
4	Vesaru Settlement, Ba	Partly Damaged	Physical verification on 30/01/15 indicates that the project is incomplete. The applicant had issues regarding the land he was residing on (the house which was damaged was on this land). The applicant moved to his in laws place. The site visit noted that some of the materials were used to renovate the in laws house while the leftover materials were still left idle. The materials were delivered to the applicant in March 2014. Refer to figure 19.11 of appendix 19.2.1 for detail site visit.
5	Vadravadra Village, Ba	Partly Damaged	Physical verification on 30/01/15 indicates that the project is incomplete. Audit noted that some of the materials were used to build a temporary shed while the leftover were still lying idle for 8 months as at the date of audit site visit verification on January 2015. The applicant informed that he had difficulty in paying a carpenter to do the job. Refer to figure 19.12 & 19.13 of appendix 19.2.1 for detail site visit.

Table 19.10: Unsigned Completion Certificates Noted for Recipient of Assistance

Recipient No.	Address	Date completed	Remarks
1	Balenakula Settlement, Sabeto, Lautoka	20/03/14	The audit noted that completion certificate were attached but were not signed by contractor, owner and Commissioner Western
2	Lot 30, Field 40, Lautoka	17/03/14	
3	Tore Subdivision, Lovu, Lautoka	18/03/14	
4	Delaigaluwalu, Natabua, Lautoka	13/03/14	
5	Naisilisili Village, Yasawa	21/03/14	
6	Vuaki Village, Yasawa	20/03/14	
7	Natawa Village, Yasawa	21/03/14	
8	Bukama Village, Yasawa	19/03/14	
9	Dalomo Village, Yasawa	18/03/14	
10	Tamusua, Yasawa	20/02/14	

- The standard rehabilitation house requires the house to have guttering. The audit site visit verification for northern Division reveal that some houses did not receive guttering. Refer Figure 19.1 for evidence of house without guttering.

Figure 19.1: Variation of Houses



Failure to ensure the supply of all standard house materials indicates poor administrations and accountability in delivering government assistance to the community undermining the trust of

community towards the Government. As such the short supply of building materials denies standard government assistance to the TC Evans victims for restoration of standard of living.

Delay in the use of materials for house repair increases the risk of theft, misuse and damage of the materials thus wastage of government funds.

Unsigned official documents increase the risk of fraudulent activities in the assessment and completion process. Also, it cannot be deduced that public funds have been utilized efficiently, effectively and with economy.

Failure to strengthen internal control for the administration disaster housing scheme increases the risk of mismanagement, theft and fraudulent activity.

Recommendations

- **The Ministry should ensure that all assessment forms and verification reports are properly signed and endorsed by authorized officers after the completion of the projects.**
- **Agreements are to be made with recipients of assistance to ensure that materials are used within a reasonable timeframe according to the approval.**
- **The Ministry should inquire about the deficiencies and negligence found in the assistance and takes appropriate actions to correct and strengthen internal controls.**
- **The Ministry must improve its monitoring process and ensure that one technical staff is always present during delivery of materials to recipients.**
- **The Ministry must conduct proper investigation on all short supply or delivery of materials.**

Ministry's Comments

Western Division's Comments

Table 19.9 : Details of Anomalies in the TC Evans Rehabilitation

NO	PROGRAM	LOCATION	REMARKS
1	TC Evans	Nagado Village, Nadi	We were uninformed of this defect until we received this report. The completion certificate was signed and all the inspection for completion works was made accordingly in 6 th of Jan14. The leak problem was unknown then. Without any feedback/report from the home owner on the defect, we were truly unaware. If it had been known sooner, we would have attempted to rectify the problem as soon as possible.
2	TC Evan (PD)	Korovou Village	The house is complete.
3	TC Evan (PD)	Korovou Settlement	The house is complete
4.	TC Evans (PD)	Vesaru Settlement, Ba	Visit to the vicinity revealed that materials have been shifted to Raviravi and house was built and completed – 100%
5.	TC Evans (PD)	Vadravadra, Ba	Visit to the vicinity by our inspection team revealed that materials completely utilized and house completed – 100%

Table 19.10: Unsigned Completion Certificates

The completion certificate for all those applicants assisted as stated in Table 19.20 were all signed by the applicant, contractor and Commissioner Western except for recipients number six (6) where the applicant does not signed.

Northern Division's Comments

The guttering was supplied to the yard but was not delivered to the site during the delivery of materials. The RHU truck will deliver the gutterings for the 3 houses in Nakalou Village once the truck is repaired. Since there was only 1 RHU staff in charge of the logistics.

All the guttering for Tavea Village was delivered as you can see the gutter bracket still pasted to the fascia board as well as the guttering lying on the ground which means that the guttering was supplied.

We will arrange with the Turaga ni Koro and the recipient for the fixing of the guttering since the Turaga ni Koro had confirmed the completion of the construction of the houses in Tavea Village.

The recommendations are noted and the Division will ensure that this is adhered to.

19.16 Anomalies in Rural Housing Scheme

Rural housing assistance aims at eliminating homelessness in rural Fiji through the provision of affordable, durable and cyclone resistant structures. The standard house is measured at 24ft x 16ft (24' x 16'), wooden structure and includes toilet and bathroom. The programme is operated on a cost sharing ratio of one third by the potential homeowner and two thirds by Government.³⁹

The Welfare Officer, Provincial Administrator and Divisional Commissioners are to identify the potential recipients using the Ministry of Welfare Assistance guidelines and are to closely adhere to the standard process in place. Individuals can also apply using the application forms that are to be endorsed by the Turaga ni Koro/District Advisory Councillor.⁴⁰

Upon receipt of the goods, services or works, the receiving officer shall verify that their receipt in good order and that the invoice is in accordance with the Purchase Order (PO). The receiving officer must be an officer other than the officer authorizing the PO. If the quantity of the goods received is less than the quantity shown in the supplier's invoice or delivery note, the receiving officer shall furnish a report to the Officer in Charge who shall arrange a claim against the supplier or carrier.⁴¹

Audit scrutiny of the rural housing scheme revealed the following anomalies:

19.16.1 Funding of Incomplete House Previously Assisted Due to Short Delivery

Audit noted that the Northern Division paid \$16,333 to hardware companies to supply building materials which were short supplied to recipients of rural housing in 2011. Audit could not determine the short delivery as the Division do not maintain proper records of material delivered in 2011 and the Division also reveal that there was lack of supervision and monitoring during direct delivery of materials to recipients. Refer Table 19.11 for details.

³⁹Ministry of Rural, Maritime Development Standard Operating Procedure – Part VI, Section 7.1

⁴⁰Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section IX (4.1)

⁴¹Ministry of Rural and Maritime Development and National Disaster Management, Finance Manual 2013 – Section 2.5.9 to 2.5.12

Table 19.11: Detail of Payment of Material Short Delivered to Recipient of Rural Housing Assistance

Date	Cheque Number	Payee	Particulars	Amount (\$)
17/11/14	19494	Hardware Supplier	Payment of building materials to recipient no. 1	6,325
			Payment of building materials to recipient no. 2	1,996
			Payment of building materials recipient no. 3	2,346
26/03/14	18490	Hardware Supplier	Payment of building materials for recipient no. 4	5,666
Total				16,333

Audit established that recipient number four (4) submitted his second application for a new house with the standard size of 24x16 in 2014. Audit site visit verification revealed that the building material supplied for the second application was used for extending the applicant's house. Refer Figure 19.2 for details.

Figure 19.2: Evidence of the Conditions of the Recipient's House before and after Extensions

19.16.2 Short Delivery of Materials to Recipients

The audit site visit verification revealed that some of the building materials were not delivered to Northern Division recipients. Refer Table 19.12 for details.

Table 19.12: Short Delivery of Materials to Recipients

Date	Invoice No.	Supplier	Recipient Number	Description of Material Short Delivered	Quantity Invoiced	Quantity Received	Amount Invoiced (\$)	Amount Received (\$)
30/07/14	3308022	Hardware	recipient no. 1	8 feet Corrugated	13	8	312	192

Date	Invoice No.	Supplier	Recipient Number	Description of Material Short Delivered	Quantity Invoiced	Quantity Received	Amount Invoiced (\$)	Amount Received (\$)
		Supplier		Roof Iron				
06/09/14	3358015			4 Blade Galvanised Louver Frame (set)	2	0	12	0
17/02/14	1233	Hardware Supplier	recipient no. 2	150mm Standard Blocks	100	50	200	100
Total					115	58	524	292

Delays in the supplying of materials indicate poor administrations and accountability in delivering government assistance to the community undermining the trust of community towards the Government. As such the non-timely delivery of building materials denies the timely government assistance to the underprivileged individuals for improved standard of living and economic growth for the country.

Also, it cannot be deduced that public funds have been utilized efficiently, effectively and with economy.

Failure to strengthen internal control for the administration of rural housing scheme increases the risk of mismanagement, theft and fraudulent activity.

Recommendations

- **The Ministry should inquire about the deficiencies and negligence found in the assistance and takes appropriate actions to correct and strengthen internal controls.**
- **The Ministry must improve its monitoring process and ensure that one technical staff is always present during delivery of materials to recipients.**
- **The Ministry must conduct proper investigation on all short supply or delivery of materials.**

Ministry's Comments

The government had funded the construction of 24 x 16 house for the recipient number four (4) applicant of table 19.29 in 2014 and the extension of his house was funded by his daughter through FNPF assistance. The Division admits that some materials was delivered directly on site without the knowledge of the Provincial Administrators.

The recommendations are noted and the Division will ensure that internal control measures needs to be strengthened. We will also ensure that a technical staff or a staff from the Provincial Administrators or District Officers to be present when items are delivered on site and also to verify that all the materials is delivered. The Technical staff to investigate on all the short delivery of materials with the assistance of the Provincial Administrators and District Officers.

The Planning Unit consisting of EOP and STA together with the Provincial Administrators and District Officers to monitor the progress of the project and forward progress reports to CND and a copy to be kept on a project file maintained by Planning Unit.

19.16.3 Delay in Construction

Audit noted the following houses were not yet completed even though all the materials have been delivered to the Western Division recipients:

Table 19.13: Incomplete Houses under the Rural Housing Assistance Scheme

Recipient No.	Location	Comments
1 (M S Y)	Balata Settlement, Tavua	All the materials have been received on 05/06/2014. Only the house is still yet to be completed. Refer to figure 19.14 of appendix 19.2.2 for detail site visit.
2 (V R)	Garampani Settlement, Tavua	All the materials have been received on 18/05/2014. However work on the house is still yet to be completed. Refer to figure 19.15 of appendix 19.2.2 for detail site visit.

Delay in the use of materials for house repair increases the risk of theft, misuse and damage of the materials thus wastage of government funds.

The above imply that no proper monitoring could be one of the factors in the delay in completion of the project in a timely manner.

Recommendation

The Ministry should ensure that agreements are to be made with recipients of assistance to ensure that materials are used within a reasonable timeframe according to the approval.

Ministry's Comments

S/N	PROGRAM	LOCATION	REMARKS
1	RHU	Balata	<i>This house is complete and the recipients is currently rebuilding his burnt house and is connecting it with his RHU house funded last year.</i>
2	PAP	Garampani	<i>The house is complete. He has applied to WAF for connection of a water meter then will be able to use his new toilet and bathroom.</i>

19.17 Non Cane Access Road Works Anomalies

A contractual agreement is to be developed and signed between the Divisional Commissioners Office and the Contractors on road works where necessary.⁴² Permanent Secretaries and Heads of Departments were advised that all Government contracts are to be vetted by the Solicitor General's Office during negotiations stage and as well as prior to its execution. This is to ensure that the Government's legal recourse and exposure are properly considered and protected.⁴³

Due diligence is an integral part of the evaluation process that must be completed prior to awarding of the contract. During this phase, government agencies must check all the terms and conditions against the supplier's information as well as seek further information from the relevant authorities to verify the information provided. The process of due diligence will enable the Ministry to test the contractor's ability to fully perform the required standard of work.⁴⁴

The Manager Finance or Accounts Officer must not certify a payment as correct unless they are satisfied that there is documentation that the works have been carried out.⁴⁵

⁴² Ministry of Rural, Maritime Development Standard Operating Procedure – Part VI, Section 7.1

⁴³ Public Service Circular 33/2013 on Government Contract and Ministry of Finance Circular 3/2013, clause 4.1 and 3.3

⁴⁴ Ministry of Finance Circular 8/2013, clause 2.3 and 2.4 – Conducting Due Diligence Prior to Finalizing Contracts

⁴⁵ Ministry of Rural, Maritime Development and National Disaster Management Finance Manual 2013 - section 2.8.4 (ii)

Non-Cane Access Roads Scheme is focused towards the construction of new farm roads to open up areas that have potential for commercial agro-based activities. Projects are to be identified by the community in consultation with the Ministry of Agriculture and other line Ministries.

Public tenders must be called for any procurement of goods, services or works valued at \$50,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation 30-(1).⁴⁶

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 maximize economy and efficiency and the ethical use of government resources.⁴⁷

Audit scrutiny of the non-cane access road projects revealed following anomalies:

19.17.1 Incomplete Construction of Roads - Western Division

Audit noted the following anomalies for Western Division non-cane access roads;

- The Division did not develop any contractual agreement for the construction of non-cane access roads;
- The audit established that the length of actual road works constructed is less than the approved scope and estimated length which were paid to the contractors. Refer Table 19.14 for details.

Table 19.14: Details of Non-Cane Access Roadwork that is different from its scope and estimate

Name of Road	Cheque No	Date	Amount (\$)	Scope Length	Actual Length	Variance	Remarks
Komave Farm Rd	17266	5/5/2014	18,500	3km	1.3km	1.7km	Refer to figure 19.16 of appendix 19.2.3 for detail site visit.
Tilivalevu Farm Rd	17153	19/04/14	19,000	4.6km	11km	(6.4km)	Refer to figure 19.17 of appendix 19.2.3 for detail site visit.
Vunarewa Farm Rd	382	19/05/14	13,500	3km	1.5km	1.5km	Refer to figure 19.18 of appendix 19.2.3 for detail site visit.

Failure to properly certify and approve the payments of non-cane access roads increases the risk of fraudulent payments and corrupt practices which may not be detected in a timely manner thus increases the loss of taxpayers' funds.

In the absence of due diligence performed, the agreement may not be financially and legally sound. As such the risk of losses for Government increases as Government would have to incur additional cost for completing the construction works if the contractor fails to successfully complete the works as per the required standard.

Recommendations

- **The Ministry should inquire about the deficiencies and negligence found in the project and takes appropriate actions to correct and strengthen internal controls.**

⁴⁶Ministry of Rural, Maritime Development and National Disaster Management Finance Manual 2013 – Part 2.3.1

⁴⁷Fiji Procurement Regulation 2012, section 3 (1)

- The Ministry should ensure that due diligence are performed prior to signing of the agreement and payment to the contractors.

Ministry's Comments

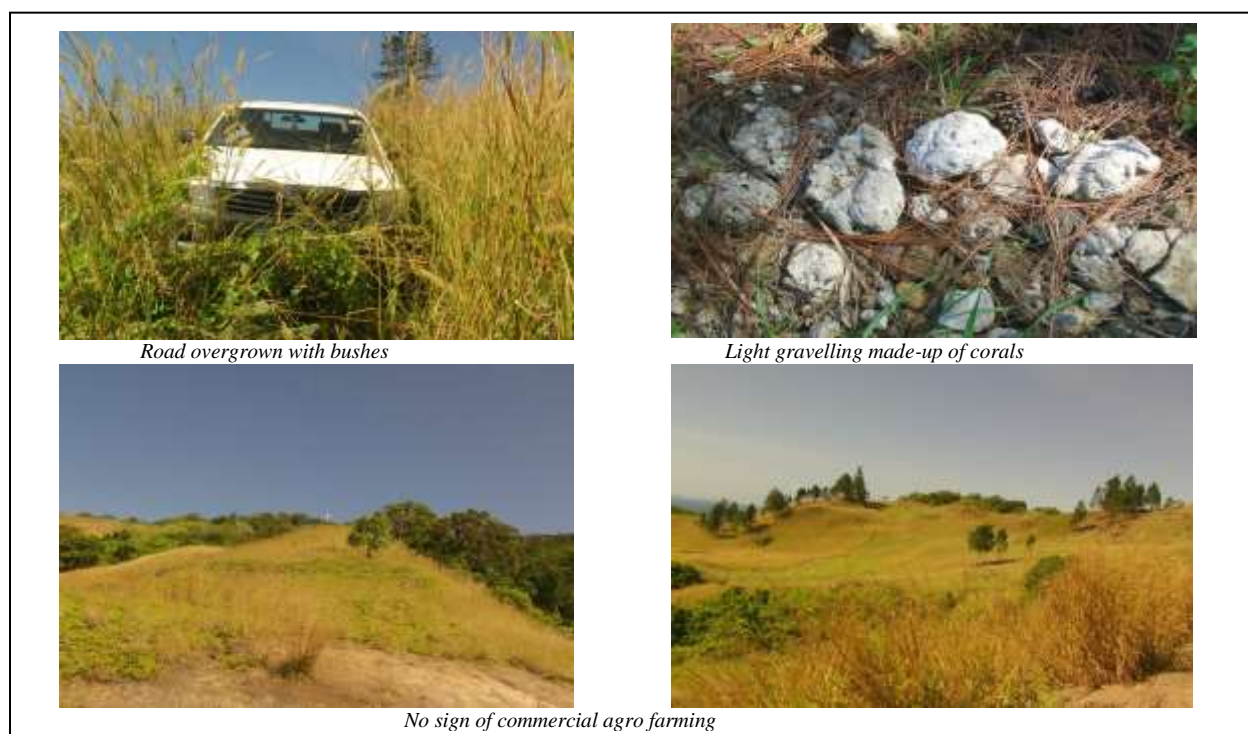
<i>Project Name</i>	<i>Remarks</i>
<i>Komave Farm Road</i>	<i>The total length of the Road needed to be constructed is 3km. The scope of \$18,500.00 is only sufficient to cater for 1.3km road. A cost that was not specified by contractors in the quotes supplied was the cost of transportation from Company Depot to job site. The remaining 1.7km is yet to be completed.</i>
<i>Tilivalevu Farm Road</i>	<i>The total length of the road is 11km, only 4.6km was attended to with the Budget provided. This road was again completed in our 1st Quarter NCAR this year 2015.</i>
<i>Vunarewa Farm Road</i>	<i>The total length of the Road needed to be constructed is 3km. The scope of \$13,500.00 is only sufficient to cater for 1.5km road. A cost that was not specified by contractors in the quotes supplied was the cost of transportation from Company Depot to job site.</i>

19.17.2 Poor Maintenance and No Evidence of Agro Farming for Cavaga Farm Road

The Northern Division paid a total of \$130,000 to a Government Agency Engineer section for the construction of eight kilometre length Cavaga Farm Road located in Cavaga village in Sovevu, Bua. The work involves clearing, drainage, gravelling, compaction, formation, culverts and headwalls. The audit noted the following anomalies:

- The Government Agency Engineer section sub-contract the construction works to another contractor;
- The Division did not maintain any project file and as such the audit could not determine the evidence of community request, land owners consent, Agriculture officer, Provincial Development Board and Commissioner Northern endorsement, evidence of tender board approval and evidence of vetting of Memorandum of Understanding by the Solicitor General;
- Endorsement by Permanent Secretary on 12/03/14 after due date on 15/11/13;
- Audit cannot ascertain the quality of works carried out as there was no completion certificate, monitoring and progress reports submitted by the Division upon audit request;
- Audit established that the Memorandum of Agreement does not specify timeframe of work and clauses for delay in work.
- Poor maintenance of road and there was no evidence of agro farming as per below site visit verification;⁴⁸

⁴⁸ 02/07/15 & 03/07/15

Figure 19.3: Anomalies in Cavaga Farm Road Project

19.17.3 Absence of Tender for Nasuva Crossing

The Northern Division paid a total of \$95,705 for the construction of Nasuva Crossing which is located in Nasuva village in Macuata. Audit noted the following anomalies:

- The Northern Division paid a total of \$51,000 to a contractor for the construction of Nasuva Crossing for which the contract was awarded through quotation process;
- In addition the Division purchased materials worth \$44,705 from various supplier to be used for the crossing;
- The Division did not maintain any project file and as such the audit could not determine the evidence of community request, land owners consent, Agriculture officer, Provincial Development Board and Permanent Secretary endorsement, evidence of tender board approval and evidence of vetting of Memorandum of Understanding by the Solicitor General;
- Audit cannot ascertain the quality of works carried out as there was no completion certificate, monitoring and progress reports submitted by the Division upon audit request;
- Audit established that the Memorandum of Agreement does not specify timeframe of work and clauses for delay in work.

19.17.4 Construction of Korosomo Farm Road Not According to Scope

The Northern Division paid a total of \$49,175 to a road contractor for the construction of eight kilometre length Korosomo Farm Road located in Korosomo settlement, Sasa, Macuata. The Memorandum of Understanding outlines the following scope of works;

- Stage 1 – Gravelling 4 km (\$17,187.50)
- Stage 2 – Gravelling 4 km (\$17,187.50)

- Stage 3 – Grading (\$10,800)
- Stage 4 – Compaction (\$4,000)

Audit noted the following anomalies:

- Audit site visit⁴⁹ verification reveals that the construction of the road is incomplete as three kilometre of roads was constructed contrary to the eight kilometres;
- The Division did not maintain any project file and as such the audit could not determine the evidence of community request, land owners consent, Agriculture officer, District Officer, Provincial Council, Provincial Development Board, Commissioner Northern and Permanent Secretary endorsement and evidence of vetting of Memorandum of Understanding by the Solicitor General;
- Audit cannot ascertain the quality of works carried out as there was no monitoring and progress reports submitted by the Division upon audit request;
- The audit established that the Memorandum of Agreement does not specify timeframe of work and clauses for delay in work. Refer Figure 19.4 for details.

Figure 19.4: Anomalies in Korosomo Farm Road Project



The above anomalies indicate that the Division failed to comply with its standard operating procedure requirements in selecting, evaluating and monitoring of projects. This has high risk of abuse, favouritism, work back-log, fraudulent activities and wastage of taxpayers' funds.

Failure to obtain proper approval allows room for collusion or unfair opportunities to other similar service providers and uneconomical service engagement.

Recommendations

- **The Ministry should inquire about the deficiencies and negligence found in the project and takes appropriate actions to correct and strengthen internal controls.**
- **The Ministry should ensure that due diligence are performed prior to signing of the agreement and payment to the contractors.**
- **The Ministry must ensure that a project file is opened and all required documents are filed from the planning to the completion stage. The files are to be closed upon completion of audit.**

⁴⁹ 02/07/15 & 03/07/15

Ministry's Comments**Cavaga Farm Road**

The comments are noted and we will ensure that all relevant documents are maintained for future reference. The community will be informed in the maintenance of the road which is cutting of grass along the sides. The construction of the road was only eight kilometres thus did not reach the site where Agricultural Farming is done

Nasuva Crossing

The project was a recurring issue brought during the Macuata Tikina Council and the Macuata Provincial Council Meeting. The resolution from the meeting was to construct the crossing, further it was a government obligation because it was a link between the two current access roads. The completion certificate was done and endorsed by the Road Engineer after every stage of work but was not filed on the project file. The Permanent Secretary had endorsed the Memorandum submitted for approval for funding. No Tender was called because the initial construction scope was less than \$50,000.00. An additional \$6,000.00 was later recommended by the Roads Engineer for the construction of railings and final touch up of the access road.

The Planning Unit is to ensure that all project files are open and updated with all the progress reports of the project for future reference and for Audit purpose and to forward all Memorandum of Understanding to Solicitor General for vetting

Korosomo Farm Road

The initial scope was to upgrade 8kilometers however due to funds limitation we were allocated only with \$50,000.00 which is sufficient only to gravel 3 kilometers with compaction and some drainage works.

The comments are noted and we will ensure to comply with all that is required.

19.18 Unsubstantiated Expenditure as Records not produced for Audit – Northern Division

In the performance of his or her duties, the Auditor-General or a person authorized by him or her has access to all records, books, vouchers, stores or other government property in the possession or control of any person or authority.⁵⁰

The Manager Finance is responsible for the safekeeping and proper maintenance of all accounting records or documents.⁵¹ 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.⁵²

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 mater.⁵³

Audit could not substantiate the expenditures totalling \$1,425,723 as the Division did not produce the following records for audit verification. Refer Table 19.15 for details.

Table 19.15: Details of Documents not produced for Audit Verification

Document #	Document Date	Amount (\$)	Payee	Details
JV02/04/2014		368,177		

⁵⁰ Constitution of the Republic of Fiji – Section 152(4)

⁵¹ Ministry of Rural, Maritime Development and National Disaster Management, Finance Manual 2013 - Section 17.2.1

⁵² Public Service Commission Circular No. 10/2011

⁵³ Finance Instruction 2010 – Section 59

Document #	Document Date	Amount (\$)	Payee	Details
Chq14534	16.07.12.	39,300	General haulage contractor, hire of trucks and supplier of river gravel, sea sand and soil	Stage 1 Mobilization
JV06/08/2012		28,350		
Chq14787	20.08.12.	32,060	General haulage contractor, hire of trucks and supplier of river gravel, sea sand and soil	Stage 2
Chq15205	31.10.12.	29,102	General haulage contractor, hire of trucks and supplier of river gravel, sea sand and soil	Culvert Works
Chq15325	23.11.12.	46,112	General haulage contractor, hire of trucks and supplier of river gravel, sea sand and soil	Installation of culverts
Chq15422	06.12.12.	240,000	Government Agency Engineer section	Machines/Raw Mat/F/Oil/Ration
Chq15428	06.12.12.	30,000		Administration cost Korosi/Balaga
Chq15430	06.12.12.	30,000		Contingency cost Korosi/Balaga
Chq17065	03.09.13..	143,553	Roadwork Contractor	Upgrade works
Chq14570	19.07.12.	39,330	Earthmoving Contractor	Stage 1 Mobilization
JV05/08/2012		38,000		
Chq14791	22.08.12.	40,000	Earthmoving Contractor	Stage 2
Chq15375	29.11.12.	35,540	Earthmoving Contractor	Drainage
Chq15675	29.12.12.	35,000	Earthmoving Contractor	Stage 6
Chq15686	30.12.12.	39,330	Earthmoving Contractor	Retention
Chq15484	11.12.12.	35,000	Earthmoving Contractor	Stage 5
Chq17839	11.12.13.	163,029	Construction Company	
Chq17662	13.12.13.	13,840	Commissioner Northern Division	
Total		1,425,723		

In the absence of records and supporting documents, transactions recorded in the general ledger are unauthenticated. As such the risks of fraudulent and unauthorized payments are high.

Recommendations

- **Proper and stringent internal control such as supervisory checks for records keeping in the accounts division should be strengthened to ensure that all accounting records are properly kept.**
- **The Principal Accounts Officer should ensure that all accounting records are properly maintained in accordance to section 15.1.3 of the Finance Manual.**

Ministry's Comments

The Divisional Accounts Section will ensure that from now onwards all records such as paid vouchers are properly maintained and if any records are to be removed from Accounts will be despatched accordingly. The Divisional Accounts Section will ensure that all the records highlighted above to be located and properly kept.

The recommendations are noted and the Division will ensure that this is adhered to.

Appendix 19.1: Walu Bay Topyard Store Anomalies

Figure 19.5: Damaged and Obsolete Materials on the Yard



Hardened Cement



Old Machines



Old Machines



Yamaha Engine



Old Spades and forks



Worn out Cars



Worn Out Cars

Figure 19.6: Unaccounted Materials on the Yard

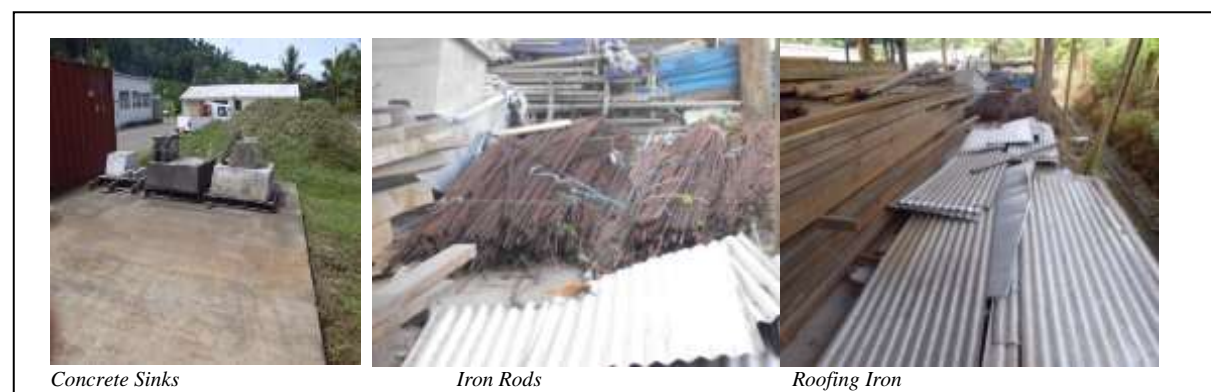


Figure 19.7: Materials Declared Unserviceable in the Storehouse



Appendix 19.2: Western Division Anomalies

Appendix 19.2.1: Tropical Cyclone Evans Rehab Anomalies



Figure 19.8: Recipient number one (1) – Nagado Village. House is completed and all materials have been received. However, the roof is leaking as shown in the second picture. Due to the leak, one masonite board has started to disengage from the rest of the ceiling.



Figure 19.9: Recipient number two (2) – Korovou Village. House is yet to be completed even though all the materials have been received.



Figure 19.10: Recipient number three (3) – Korovou Settlement. House is yet to be completed even though all the materials have been received.



Figure 19.11: Recipient number four (4) (M N)



Figure 19.12: Recipient number five (5) (M R)



Figure 19.13: Recipient number five (5) (M R)

Appendix 19.2.2: Rural Housing Anomalies





Figure 19.14: Recipient No. 1 (M S Y) – Balata Settlement. All the materials have been received. Only the house is still yet to be completed.



Figure 19.15: Recipient No. 2 (V R) – (Poverty Alleviation Programme) – Garampani Settlement. All the materials have been received. However work on the house is still yet to be completed.

Appendix 19.2.3: Non Cane Access Roads Anomalies



Figure 19.16: Komave Farm Road. However, the length of the road was only 1.3km and not 3km according to the scope and estimate.



Figure 19.17: Tilivalevu Farm Road. However, the length of the road was 11km and not 4.6km according to the scope and estimate.



Figure 19.18: Vunarewa Farm Road. However, the length of the road was only 1.5km and not 3km according to the scope and estimate.

Section 20 **Fiji Military Forces**

Role and Responsibilities

The RFMF is charged with, and responsible for the defence and state security of Fiji, in the maintenance of Law and Order in land and sea and provision of maritime surveillance of Fiji's maritime zone. It improves the living standards of rural community through infrastructure development and youth training of life skills provided by the Engineering Corp through its Trade Training. It also provides services to mariners through the coastal radio station (Suva Radio 3DP) for all vessels within Fiji waters as required under the International Law of the Sea and the surveying and charting of Fiji's Exclusive Economic Zone.

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PART A: FINANCIAL STATEMENTS

20.1 Audit Opinion

The audit of the 2014 accounts of the Fiji Military Forces resulted in the issue of a qualified audit report for the following matters:

- The Force did not include the RFMF Engineers Project Fund Account in its Agency Financial Statements for the year ended 31 December 2014. This account is also not recorded in the

Government Financial Management Information System (FMIS) general ledger contrary to Part 16(2.1) of the RFMF Finance Manual 2014 and Part 3 Section 15 of the Finance Instructions 2010.

- A sum of \$1.26million worth of stock was found to be in unusable conditions through a stock take conducted on 01/01/2015. This was neither disclosed in the Statement of Losses nor submitted to Ministry of Finance for necessary write off and disposal approval contrary to Part 14.2.12 of the RFMF Finance Manual 2014 and Part 8 Section 57(3) of the Finance Instruction 2010.

Without further qualifying the accounts, attention were drawn to the following matters:

Total Sales of \$2.2million disclosed under the Trading and Manufacturing Account (TMA) includes sales from TMA Plant Pool projects that are yet to be earned. This is from projects that are yet to be completed as at 31 December 2014.They are as follow:

- Korosi/ Balaga project on going status with 65% total project cost of \$498,100 committed;
- Vunisei Daku road project on going with 50% total project cost of \$261,992 committed;
- Bau College High School site project on going status with 72% total project cost of \$510,171 committed; and
- Colo I Suva project on going status with 62% total project cost of \$21,739 committed.

20.2 Statement of Receipts and Expenditure

The Force collected revenue totaling \$0.4 million and incurred expenditure totaling \$81.7 million in 2014. Refer Table 20.1 below for details.

Table 20.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue	202,700	97,768
Agency Revenue	234,060	208,646
TOTAL REVENUE	436,760	306,414
EXPENDITURE		
Operating		
Established Staff	63,633,628	96,844,041
Government Wage Earners	364,136	334,139
Travel and Communications	1,739,705	1,305,826
Maintenance and Operations	3,603,990	3,597,332
Purchase of Goods and Services	4,813,457	5,167,163
Operating Grants and Transfers	---	---
Special Expenditures	4,397,545	13,389,831
Total Operating Expenditure	78,552,461	120,638,332
Capital Expenditure		
Construction	771,786	2,847,440
Purchases	---	674,107
Total Capital Expenditure	771,786	3,521,547
Value Added Tax	2,376,983	2,687,153
TOTAL EXPENDITURE	81,701,230	126,847,032

Total revenue increased by 42.5% in 2014 compared to 2013 mainly due to the revenue received on salary overpayment recovery of previous years and commission received through payroll deductions.

Total expenditure decreased by \$45.1 million or 36% in 2014 compared to 2013 mainly due to the following:

- Established Staff costs decreased by \$33.2 million or 34% in 2013 mainly due to the transfer of Activity 7 and 8 – Peacekeeping Mission expense allocation to Head 49.
- Special expenditure decreased by \$9.0 million due to the transfer of Activity 7 and 8 – Peacekeeping Mission expense allocation to Head 49.
- Capital construction decreased by \$2.1 million or 73% compared to 2013 due to a few projects not being undertaken. The projects includes relocation of Nadi 4FIR, upgrading of Sukanaivalu barracks, relocation of maintenance unit, Kiro boat life extension programme and upgrade of seawall and river wall at Togalevu Naval Base.

20.3 Appropriation Statement

The Force incurred expenditure totaling \$81.7 million against a revised budget of \$88.2 million resulting in savings of \$6.5 million. Details of expenditure against the budget estimates are provided in Table 20.2.

Table 20.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Operating Expenditure					
1	Established Staff	73,419,088	(5,194,804)	68,224,284	63,633,628	4,590,656
2	Government Wage Earners	251,867	112,271	364,138	364,136	2
3	Travel & Communications	1,056,446	683,311	1,739,757	1,739,705	52
4	Maintenance & Operations	3,899,908	164,000	4,063,908	3,603,990	459,918
5	Purchase of Goods & Services	4,988,811	309,208	5,298,019	4,813,457	484,562
6	Operating Grants & Transfers	---	---	---	---	---
7	Special Expenditures	1,609,300	3358,560	4,967,860	4,397,545	570,315
	Total Operating Expenditure	85,225,420	(567,454)	84,657,966	78,552,461	6,105,505
	Capital Expenditure					
8	Construction	5,568,000	(4,500,000)	1,068,000	771,786	296,214
9	Purchases	500,000	(500,000)	---	---	---
	Total Capital Expenditure	6,068,000	(5,000,000)	1068,000	771,786	296,214
13	Value Added Tax	2,643,400	182,546	2,460,854	2,376,983	83,871
	TOTAL EXPENDITURE	93,936,820	(5,750,000)	88,186,820	81,701,230	6,485,590

In 2014, Cabinet approved the redeployment of \$5.75 million from the Force's budget to Fiji Roads Authority.

20.4 Consolidated Trading and Manufacturing Account

Table 20.3: Manufacturing Account

Manufacturing Account	2014 (\$)	2013 (\$)
Opening Raw Material	5,387	5,950
Add: Purchases	---	---
Less: Closing Raw Materials	5,387	5,387
Raw Material Used	---	563

Manufacturing Account	2014 (\$)	2013 (\$)
Add: Direct Labour	---	42,488
Cost of Goods Manufactured transferred to Trading Account	---	43,051

Table 20.4: Trading Account

Trading Account	2014 (\$)	2013 (\$)
Sales	2,200,079	1,663,809
Opening Finished Goods	8,062	12,322
Add: Cost of Manufactured Goods	---	43,051
Less: Closing Finished Goods	13,016	8,062
Cost of Goods Sold	(4,954)	47,311
Gross Profit/(Loss) transferred to Profit & Loss Statement	2,205,033	1,616,498

Table 20.5: Profit & Loss Statement

Profit and Loss Statement	2013 (\$)	2013 (\$)
Income		
Gross Profit transferred from Trading A/C	2,205,033	1,616,498
Other Income	---	---
Total Income	2,205,033	1,616,498
Expenses		
Travel & Communication		---
Maintenance & Operation	659,511	882,431
Other Expenses	816,999	638,854
Special Expenses	164	135
VAT	---	---
Total Expense	1,476,674	1,521,420
Net Profit/(Loss)	728,359	95,078

Table 20.6: Balance Sheet

Balance Sheet	2014 (\$)	2013 (\$)
Assets		
Cash at Bank	1,019,495	531,745
Accounts Receivable	289	289
Inventory	18,403	13,449
Total Assets	1,038,187	545,483
Liability		
VAT on Revenue	(116,087)	(78,299)
Accrued Expenses	---	100,000
Total Liability	(116,087)	21,701
Equity		
TMA Accumulated Surplus	1,473,989	745,631
TMA Surplus	(319,715)	(221,849)
Total Equity	1,154,274	523,782
Total Equity and Liability	1,038,187	545,483

PART B: AUDIT FINDINGS

20.5 RFMF Engineers Project Fund Account

Financial transactions shall be posted into the automated information system (General Ledger System) using journal entry input forms or directly from source documents such as journal vouchers or payment vouchers.¹

All payments, including VAT, shall be immediately recorded in the financial management information system and an expenditure ledger.² 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.³ 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.⁴

A total of \$1.5 million is held in the Bank of South Pacific (BSP), namely, *RFMF Engineers Project Fund Account*.⁵ These are funds received for capital works from various Ministry / Department by the RFMF engineers. Refer Table 20.7 for details of balance held over the four year period:

Table 20.7: Bank Account – RFMF Engineers Project Fund Account

Year Ended	Amount (\$)
2014	1,554,351
2013	2,586,603
2012	3,605,420
2011	1,922,049

The audit noted the following anomalies:

- The approval of the Ministry of Finance was not made available for the operation of the account;
- The bank reconciliation was not performed for the months of January to May 2014 contrary to Section 32 (6) of Finance Instructions 2010;
- Bank reconciliations for the months of June to December 2014 were submitted to Chief Staff Officer Finance (CSO) on 20th April 2015;
- The bank reconciliations for the months of June to December has not been signed and dated by Staff Officer – TMA and Project (SO). Additionally, it has not been checked and approved by CSO Finance;
- All the financial transactions of the RFMF Engineering projects are not recorded on any general ledger system including the FMIS;
- RFMF Annual Financial Statement submitted for audit did not include the receipts and payments of the separate bank account maintained for the RFMF Engineers projects;

In the absence of reconciliation and authority for the account, expenditure and income recorded from and in the account cannot be ascertained to have occurred with care and its purpose.

Additionally, this has resulted in the qualification of the Force's Agency Financial Statement.

¹ RFMF Finance Manual 2014 – Part 16, Section 16.2.1

² Finance Instruction 2010 – Part 3, Section 15

³ Finance Instruction 2010 – Section 32 (1)

⁴ Finance Instruction 2010 – Section 32 (6)

⁵ BSP Bank Account Number 6652519

Recommendations

- **The CSO Finance 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 in the Government Financial Management Information System.**
- **For verification and monitoring of Project funds, the CSO Finance should ensure that bank reconciliations are carried out and is checked an approved on monthly basis.**
- **The Force should ensure that the annual financial statement does include the receipts and payments of the Project.**

Force's Comments

OAG recommendations are noted.

The Force is writing to the Ministry of Finance for the approval of the operation of the bank account and a copy of monthly bank reconciliations will be forwarded to OAG's office when the exercise is completed and signed.

20.6 Incomplete Procedure for Accounting of loss through Stock take

Writing of losses shall be considered after all practical and cost effective recovery measures have been undertaken.⁶ Write off losses in excess of \$50,000 must be referred to the Minister for Finance.⁷ Write off losses in excess of \$50,000 must be referred to the Minister for Finance.⁸

Audit noted the following irregularities in the accounting of stocks at the Camp Ordinance Depot of the Logistic Support Unit stores:

- two stock take were undertaken;
- loss of \$2,324,370 was detected in the first round of stock take and this decreased to \$1,261,568 in the second round of stock take;
- report for the final loss of \$1,262,568 was not submitted to the Minister for Finance through the Ministry of Finance for further necessary action which indicate incomplete stock take procedure;
- the stock take team of the Force has struck off the loss items from the ledger charge without the necessary approval from Minister for Finance; and
- Chief Staff Officer – Finance was not aware of the stock take nor was informed so that necessary procedures is followed with the Ministry of Finance and any recommendation for approval to write off loss from the Minister for Finance is disclosed in the Fiji Military Force Agency Financial Statement under Statement of Loss.

The above irregularities results from lack of knowledge and understanding of inventory management and procedures to be taken when undertaking stock take. Additionally, the lack of communication between the Stores Commanding Officer (SCO) and Finance Unit of the Force has resulted in the above.

The incomplete stock- take procedure through non- communicating of the loss for necessary write off from the Minister for Finance and non- disclosure in the agency financial statement has resulted in the qualification of the Force 's Agency Financial Statement. The Statement of loss is understated.

⁶ RFMF Finance Manual 2014 – Part 14, Section 14.2.9

⁷ RFMF Finance Manual 2014 – Part 14, Section 14.2.12

⁸ Finance Instructions 2010 – Part 8, Section 57(3)

Recommendations

- **The Fiji Military Force should ensure that it complies with the RFMF Finance Manual 2014 and Finance Instructions 2010 with regards to inventory management and stock take.**
- **The Fiji Military Force should ensure that all loss resulting from stock take is communicated with the CSO Finance and is included in the Agency Financial Statement under Statement of Loss after necessary approval is obtained from the Minister for Finance.**

Force's Comment

OAG findings and recommendations are acknowledged.

Refer table below the responses from the Force.

Two stocktakes were undertaken

Reasons for the Two Stock Checks. The Initial stock check was undertaken for the purpose of internal handover between current QM and 2IC COD only, and not for the 100% stock take. QM COD was to have gone for Leave and wanted to ensure all stocks were accounted for prior to handing the command and control of Camp Ordinance Depot (COD) and its stocks to his 2IC.

Around the same time when the internal check was carried out, another Team of panels (including 2IC COD) had been conducting an Official 100% stock take on all Units from STRAT HQ, LFC Bn and LSU. Upon arrival to LSU, the team then carried out the Official 100% stock take; this after COD had conducted its internal stock check. Hence the reason for the two checks.

Loss of \$2,324,370.14 was detected in the first round of stock take and this decreased to \$1,261,568 in the second round of stock take.

Reason for the decrease in deficiencies. Prior to QM COD conducting the internal stock check, a couple of items were already taken down to Walu Bay for the purpose of it to be assembled for the Board of Survey. These items were yet to be taken off (i.e. struck off charge) from the ledger. Hence the two million deficiencies.

Upon the conduct of the official 100% stock take, these items were then taken off (i.e. struck off charge) from CODs ledger and accounted to BOD, thus the reason for the reduction in deficiencies to one million.

Report for the final loss of \$1,262,568 was not submitted to the Minister for Finance through the Ministry of Finance for further necessary action, which indicated incomplete stock take procedure.

The application to write-off the loss of \$1,262,568 was supposed to be initiated by COD through the proper channel to HQ LFC which is yet to be submitted. COD will submit an application to write off in order to correct the blunder.

The stock take team of the Force has struck off the loss items from the ledger charge without the Minister of Finance.

This action (i.e. to strike items off from the Ledger) by the QM COD was indeed a fault because this was only a stock check and not a 100% stock take. A couple of transactions were yet to be completed to fulfil the accounting system i.e. all items to be boarded are to be taken off charge from COD ledger and taken on charge to BOD ledger. COD will make amend accordingly.

Chief Staff Officer – Finance was not aware of the stock take nor was informed so that necessary procedures are followed with the Ministry of Finance and any recommendation for approval to write off Loss from the Minister for Finance is disclosed in the Fiji Military Forces Agency Financial Statement under Statement of Loss.

Again, it points towards the non-submission of application to write-off for the loss by COD. Again LSU we see that the application is submitted and will ensure that such errors are not repeated. However the Force will make necessary amendments to ensure it comply with RFMF Financial Manual 2014 and Finance Instructions 2010 WRT Inventory Management and Stock Takes.

20.7 Unsubstantiated Write-Offs

Subject to this or any other Act, the Minister of Finance may write off losses in respect of public money, state assets and agency assets.⁹

The Finance Instructions may require each budget sector agency:

- (a) To undertake appropriate recovery action for losses;
- (b) To maintain a register of losses containing the details required to be recorded by the Finance Instructions; and
- (c) To include details about losses and recovery action in the audited financial statements to be included in the agency's annual report.¹⁰

The audit noted that liabilities totalling \$5,409,497.68 were approved to be written off by Ministry of Finance.

No supporting documents were provided to justify the reason for write offs. Refer **Appendix 20.1** for details.

Recommendations

- **The Force should ensure controls on the use of the general ledger are improved.**
- **Monitoring and periodic reviews of the general ledger accounts are strengthened.**

Force's Comments

The findings and recommendation is noted.

An application was made to the Ministry of Finance requesting to write- offs in November 2014 citing the following reasons:

- i. Misposting that were not adjusted in the correct accounting period;*
- ii. Undetermine details of longstanding data postings during the mapping exercise to the FMIS Chart of Accounts; and*
- iii. Accounts cannot be reconciled or regularised due to the unavailability of source documents.*

The inherited brought forward figures from the old financial system cannot be substantiated as per reasons stated thus the application for write off.

The Force will ensure that any future applications will be properly substantiated with supporting documents.

⁹ Financial Management Act 2004 – section 34(1)(a)

¹⁰ Financial Management Act 2004 – section 35

FORCE FARM ACCOUNT

20.8 Improper Staff Administration

No person may employ a worker and no worker may be employed under a contract of service except in accordance with this Promulgation. If a contract of service of a worker with an employer is made for duration in excess of one month, the contract must be in writing. An employer who employs a worker whose wages or rates of wages are prescribed or paid under an employment contract must keep a record (called the wages and time record) showing, for each worker:

- a. The name of the worker
- b. The date of birth;
- c. The worker's address;
- d. The kind of work on which the worker is usually employed;
- e. The employment contract under which the worker is employed;
- f. The classification or designation of the worker according to which the worker is paid;
- g. A daily attendance register incorporating the hours between which the worker is employed on each day, and the days of the worker's employment during each week;
- h. The wages paid to the worker each week and the method of calculation; and
- i. Leave and leave entitlements.¹¹

The Force's Farm in Nasinu has the following staff:

- 1 Farm Manager
- 1 Assistant Farm Manager
- 1 Accounts Clerk
- 6 Farm Hands

Audit noted the following anomalies in the audit of staff administration.

- No written contract formalized;
- No staff personal file maintained;
- No staff salary file maintained;
- Improper attendance register maintained; and
- Un-skill staff employed.

Furthermore, the office space is too congested and has limited working equipment and filling area.

The above shows poor Farm administration and inadequate capacity allocation by the Force management to the Force Farm.

Failure to properly administer staff may give rise to inefficiency, unproductivity and wastage of Farm funds.

Recommendations

- **The Force should ensure that written contract must be formalized and signed by individual staff**
- **The Force must ensure that all information pertaining to staff such as personal and salary information must be well documented, filed and maintained.**

¹¹ Employment Relations Promulgation, 2007 Part 5, Division 1, No.22 (1), No.37(1) & Part 6, Division 1, No.45(1).

- **Proper attendance register must be maintained.**
- **The staff of the farm to undergo continuous farm related training to improve skills and productivity.**

Force's Comments

OAG findings and recommendations are acknowledged.

It is to be noted that the Farm is in recovering stages.

Three (3) of the six (6) farm hands are attached from the FNU Fiji School of Agriculture while 1 farm hand is a member of the Territorial Force (TF) with the RFMF. All these 6 farm hands are trained under Mr Kuolin who is specialized in agriculture farming and been seconded from the Taiwan Technical Mission to the Ministry of Agriculture. The Ministry of Agriculture is working very closely with the Force on how to develop the RFMF Farm.

The renovation of the Farm house had been completed which includes a training room, an office room, kitchen, dining room and accommodation room for the farm hand.

However written contract for the staffs of the Farm will be formalised and all information pertaining to staffs will be documented as recommended.

20.9 Operation of Force Farm

The Farm main objective is to fully develop and manage a farm which will enable the Force to provide an additional food source in time of need and emergency. It shall also create an additional source of income after the farm is fully utilized.¹²

Audit of the Farm records revealed that the RFMF Farm is not organized to be part of the core function and operation of the Force but operating outside the official Force organization as part of the staff welfare accounts that also operate the RFMF Canteen and Other Ranks Bar.

Audit noted the following anomalies;

- an Officer of the Force manages the RFMF Farm on a full time basis even though it does not serve any core functions of the Force.
- the RFMF Farm is situated on a state land and senior army officers are working directly either as committee members or current farm staff; therefore cannot be regarded as a private fund.
- the RFMF Farm include a vast land area which remains to be utilized and is overgrown with grass near the Force Training Group. Similarly the piggery and poultry shed and fish ponds remains vacant and left in an unusable condition.
- the Force without developing the farm to operate on full scale, act as a retailer in buying packed chicken from Goodman Fielder, pigs and cassava from outside vendors and selling them to the officers.
- The Farm operations does not follow the official and government regulations on Finance and Administration.

¹² RFMF Farm General Financial Regulation 4.1.4, 4.22 & 4.23

Public resources are utilised by the RFMF Farm including the state land, farm buildings and equipment, water and power supply and personnel thus the ownership of Farm can be argued with the Force as a public entity rather than a private business entity.

Recommendations

- **The Commander must utilize the Force resources to serve the objectives of the RFMF.**
- **The RFMF farm organization and objectives should be reviewed in light of the core objective of the Force.**
- **Private operations should be organized away from public properties and resources.**

Force's Comments

OAG findings and recommendations are noted.

In addition to the main objective of the Farm, it is also to provide an Integrated Farming System for Military for Life Concept for the Force personnel which are a core function of the Force. This is to assist and support the army personnel transition from the military service to one of the many opportunities available in the agriculture sector.

The Force Farm is in a development stage and a Project Proposals for 2015 – 2019 had been drawn up in order to meet its objectives.

20.10 Lack of Farm Planning on Force Farm Account

RFMF Farm establishes procedures for internal control in order to achieve some very specific objectives. These are:

- a- To avoid waste, inefficiency and fraud and to keep its resources intact;
- b- To maintain the highest standards of accuracy and reliability in the accounts and operation data;
- c- To encourage and measure how far the policy of the business is being implemented;
- d- To evaluate the efficiency of performance in all aspects of business activity; and to provide aid for management planning.¹³

The audit noted that since 2007, there were no business plan and annual report prepared and compiled for the Farm.

This shows lack of planning and coordination on the part of the Force to plan and set annual targets and goals for the operation and growth of the Farm.

Lack of planning is evidently seen on the poor and unproductive state of the farm.

Recommendations

- **The Farm Manager should draw up a business plan and set annual target for the operation of the Farm.**
- **The Farm Manager should produce annual report for the Farm to gauge farm performance and recommendations for the following year.**

¹³ RFMF Farm Standing Operating procedures & Farm Management Manual 2003 – history and objective of the Farm.

Force's Comments

OAG findings and recommendations had been acknowledged.

Business plan and set annual target for the operation is tabulated in the 2015 – 2019 Project Proposals Paper and due to financial constraints, some forecasted activities will be affected.

20.11 Weak Cash Control on Farm Account

Bank Reconciliation Statement should be prepared from time to time. This is to make sure that the amount in the bank matches the cash balances in the records. The person who handles cash should not be involved in entering the transactions in accounting records. The duties should be kept quite separate.¹⁴

Audit noted that the following weaknesses from the audit of the Farm cash account:

- No bank reconciliations were done for 2014 and other previous years;
- No separation of duties in handling of cash as the officer handling cash is the same officer entering the transactions in accounting records.

The above were basically a result of the following:

- No proper handing over of accounts from the previous to the current Farm management;
- Poor accountability and financial management of farm account;
- Lack of staff;
- Under-skill staff with lack of accounting and management knowledge; and
- No segregation of duties.

Failure to prepare bank reconciliation will result in cash at bank not reconciled to farm records and could lead to cash embezzlement and fraud which could go un-detected.

Recommendations

- **The CO LSU should appoint a competent officer with accounting and management background to be in charge of the Farm accounts and administration.**
- **Bank reconciliation should be prepared on monthly basis with correct format.**
- **There should be segregation of duties in the handling and accounting of cash.**
- **Officer handling accounting of farm account should undergo training on accounting related course relevant to Farm management.**

Force's Comments

OAG findings and recommendations had been noted.

The Farm is in a recovering stage and due to financial constrains the Force have to minimise its expenditures in order to meet its daily targets.

However recommendations will be implemented when the Farm is sustainable to meet its overhead.

¹⁴ RFMF Farm Management Manual 2003 Part 4.16.3 & 4.16.6

20.12 Improper Farm Sales Records

IC farm is to ensure that either cash register or cash dockets are used. The total of cash dockets is compared with the total in the file minus any change at the beginning of the day.

IC farm has to control cash received from other sources too. Every-time a customer make a payment(s) he should get a receipt. The receipt should come from a book of receipt forms, which are numbered in sequence. When any payment is received, the receipt form should be completed, the original should be given to the customer and the duplicate is kept by the farm for the purpose of recording. The sequence of the receipt numbers is important. It shows whether any receipt and perhaps also the cash is missing so if any original receipt is cancelled, it should be kept for audit purposes.¹⁵

The following anomalies were noted from the audit of recording of sales:

- Sale invoices were not raised;
- Sales invoices were not properly filled with dates, quantity and amount;
- Receipts were not raised for direct deposit payments; and
- Payments were recorded in receipts.

Refer Table 20.8 below for details

Table 20.8: Anomalies in Sales Records

Date	Reference	Details	Amount (\$)	Remarks
Not recorded	Invoice 857	Sale of 1,000kg peeled cassava and 23kg tomatoes	1,258	Invoice not dated and no receipt raised for direct deposit payment farm account
Not recorded	Invoice 860	Sale of 18kg eggplants, 266kg english cabbage and 750kg peeled cassava	1,706	Invoice not dated and no receipt raised for direct deposit payment farm account
30/05/14	Receipt 1242	Payment of unpeeled cassava	824	Payment recorded in farm receipt book
11/06/14	Receipt 1243	Payment of unpeeled cassava	644	
01/07/14	Receipt 1245	Vegetables	348	
04/07/14	Receipt 1246	Payment of unpeeled cassava	465	
16/06/14	Receipt 1247	Payment of dalo tops	400	
06/10/14	Receipt 1259	Payment of unpeeled cassava	1,122	
29/10/14	Receipt 1262	Payment of unpeeled cassava	2,000	
Total			8,767	

Furthermore, audit noted that the Farm purchased pigs and packed processed chicken in bulk and sells them individually to army personnel on account. Neither sales invoices raised nor individual debtor account opened to record such transactions.

¹⁵ RFMF Farm Management Manual 2003 – Part 4.17.1 & 4.18

The above is a result of poor administration and lack of accountability in the recording and reconciling of farm sales.

The absence of proper documentation and sales reconciliation gives a high risk of farm sale not recorded and debtors not accounted for. This may result in abuse and fraudulent activities in Farm account.

Recommendations

The Force Farm Manager should ensure that:

- **sales invoice are raised for all credit sales.**
- **sales income are properly filled with dates, buyer, quantity sold, and amount.**
- **receipts are raised for all direct deposit to bank account.**
- **payments are not recorded in receipt book.**
- **sales invoices are reconciled with receipts and its balance to debtor control account.**
- **supervisory role should be strengthened on Farm management.**

Force's Comments

OAG findings and recommendations are noted.

The RFMF Internal Audit Team has been tasked to assist the new Force Farm Manager in setting up its accounting system in compliance to the Government Accounting Standards and Procedures.

20.13 Payment Anomalies in Force Farm Account

IC Farm when submitting requests for goods and services shall use the appropriate form authorized by CO LSU. Such form shall include:

- 3 quotations;
- Voucher;
- LPO; and
- Requisition.

CO LSU is only authorized to sign and approve. OC farm is only authorized to recommend payment vouchers where approval rests with CO LSU.¹⁶

The audit noted the following anomalies on payment made from Farm Account:

- No requisition voucher raised;
- No purchase order raised;
- No competitive quotation obtained;
- No signature on payment vouchers for passed for payment, receiver and witness to payments made; and

¹⁶ RFMF Farm Management Manual 2003 – Part 4, Section 4.1 & 4.1.1

- No stamp “paid” on all payment vouchers and supporting documents.

Refer to Table 20.9 for examples.

Table 20.9: Anomalies in Payments at Force Farm Account

Date	Cheque No.	Details	Amount (\$)	Payment Anomalies
09/01/14	4431	Payment of 12 pigs @ \$475/pig	5,700	<ul style="list-style-type: none"> • No purchase order raised • No stamp “paid” • No competitive quotes • Payment voucher not passed for payment
17/01/14	4436	Partial payment of 150 carton crest chicken no. 14 x 10 @ \$106.40 per carton (VEP)	17,000	<ul style="list-style-type: none"> • No purchase order raised • No stamp “paid” • No competitive quotes obtained • Payment voucher not passed for payment
21/03/14	4463	Payment of refund to other ranks bar for payment to supplier of chicken	2,000	<ul style="list-style-type: none"> • No proper approval for loan • No record of loan from Canteen • The Farm Manager also manages the RFMF canteen and Other Ranks Bar
28/03/14	4468	Payment of chicken refund to other ranks bar for payment done to supplier of chicken	1,300	<ul style="list-style-type: none"> • No record of loan agreement & statement with Other ranks Bar • Payment voucher not signed and passed for payment • The Farm Manager also manages the RFMF canteen and Other Ranks Bar
04/08/14	4513	Payment of chicken manure and transportation	500	<ul style="list-style-type: none"> • Invoices totalling \$124.75 attached not supporting the payment of chicken manure.
27/05/14	4487	Payment of unpeeled cassava.	1,300	<ul style="list-style-type: none"> • Invoices attached not only for Inoke • Invoices attached only totalled to \$949.56 leaving a balance of \$350.44 for payment without invoices. • No approval for payment
11/08/14	4518	Payment of transportation and administration	500	<ul style="list-style-type: none"> • Invoices attached only totalled to \$223.73 leaving a balance of \$276.27 for payment without invoices. • No approval for payment and not stamp “Paid”
27/09/14	4384	Payment of chicken	7,000	<ul style="list-style-type: none"> • No purchase order raised
18/10/13	4396	Payment of 1,397kg dalo @ \$0.80 per kg	1,118	<ul style="list-style-type: none"> • No purchase order raised • No competitive quotes obtained • No stamp “paid” on all payment documents
Total			36,418	

The above shows that the Force Farm ignores governing procedures and breaches Farm Management manual and policies in place. Lack of supervision from the Force Head-quarters and supervisory role at the Farm operations and relevant training on payment procedures also contribute to the above.

The Farm has not been subjected to any internal audit from the Force’s internal audit unit.

The above could result to abuse, misappropriation and wastage of funds.

Recommendations

- **The Farm Manager should ensure that payment guidelines are adhered to at all times.**
- **The Force Commander and CO LSU should strengthen its supervisory role on Farm operations.**
- **Internal audit should be carried out on the operations of the Farm**
- **Proper training on payment procedures should be undertaken on the officer assigned to Farm operations.**

Force's Comments

OAG findings and recommendations are acknowledged.

The RFMF Internal Audit Team has been tasked to assist the new Force Farm Manager in setting up its accounting system in compliance to the Government Accounting Standards and also to provide training to the officer assigned to Farm operations as recommended.

20.14 No Accounts Receivable Control Account and Subsidiary Ledger Maintained

A farm should keep control accounts and subsidiary ledger because a control account appears in the general ledger and contains a summarized version of all transactions relating to accounts receivable. For example, it will have total figures for credit sales, or cash received from customers, during the period. However, the details of accounts receivable balances, such as which customers paid their account during the period and how much, will be shown in a subsidiary ledger. A subsidiary ledger contains individual accounts or records of specific debtors and shows the movements in their respective accounts. At any point in time, these two separate records must tally or agree.¹⁷

The audit noted that the Force Farm does not maintain any accounts receivable control account and subsidiary ledger. Instead, the management rely on reports given by the Force Finance Unit and Force Pay Office.

The above shows poor administration and incapacity of the Farm management for proper recording of accounts receivable/debtors. This could result in fraudulent activities on Farm account if not monitored and controlled.

Recommendations

The Force Farm accounts clerk must:

- **Prepare accounts receivable control account with its subsidiary ledger.**
- **Reconcile accounts receivable control account with its subsidiary ledger**

Force's Comments

OAG findings and recommendations are acknowledged.

¹⁷ RFMF Farm Management Manual 2003 – Part 4.20.8

The RFMF Internal Audit Team has been tasked to assist the new Force Farm Manager in setting up its accounting system in compliance to the Government Accounting Standards and Procedures.

20.15 Poor Inventory Control at Force Farm Account

All goods in an undamaged condition and which are in no respects defective shall be taken on charge in a stock register. Control over stored inventories includes:

- a. The inventories must be stored at one place, which is known as the store and it should be locked. All items of similar nature should be together in bins, shelves or trays;
- b. Only one person should be in charge in store;
- c. Only authorized persons should have access to the keys of the stores;
- d. Inventories must be adequately insured;
- e. The storekeeper should make sure that nothing leaves or enters store without appropriate documentation;
- f. Items which are purchased first should be sold first; and
- g. The storekeeper should do at least one stock take every year.

Furthermore, to maintain control over fixed assets the farm should keep a fixed asset register. Every fixed asset, moveable or not, should be identified by a number or code and there should be a procedure for checking regularly to make sure that they are all there and in the right place.¹⁸

The audit noted that there was no inventory record maintained by the Force Farm and there was also no proper storage area. In addition, there was no proper inventory control in place and no board of survey was done in 2014.

This indicates poor administration by management.

Failure to maintain and control inventory may result in theft, abuse and fraudulent activities.

Recommendations

The Farm Manager must:

- **Ensure proper inventory records are maintained for farm inventories.**
- **Ensure that there is proper storage area in place.**
- **Ensure annual board of survey is carried out and necessary action taken on the result.**
- **Strengthen supervisory checks on the management of inventory.**

Force's Comments

OAG findings and recommendations are acknowledged.

The RFMF Internal Audit Team has been tasked to assist the new Force Farm Manager in setting up its accounting system in compliance to the Government Accounting Standards and Procedures.

¹⁸ RFMF Farm General Financial Regulation – Part 4.1.4, 4.22 & 4.23

20.16 Underutilization of Force Farm Area

When the Royal Fiji Military Force took over the farm it intended to produce food crops and pork for its own consumption. The farm is to supply these two products to the Supply Company of the Logistic Support Unit (LSU). It is envisaged that the Force would be self-sufficient in these products and therefore able to save or reduce its spending on rations.

The Farm main objective is to fully develop and manage a farm which will enable the Force to provide an additional food source in time of need and emergency. It shall also create an additional source of income after the farm is fully utilized.¹⁹

The audit noted that a vast land area remains to be utilized. It is only overgrown with grass. Similarly the piggery and poultry shed and fish ponds remain vacant and left in an unusable condition.

The Farm is currently operating as a wholesaler or middleman in buying packed chicken from Goodman Fielder, pigs and cassava from outside vendors and selling them to the Force and officers within the Force. The current operation of the Farm is outside its initial and intended purpose to build a production capacity to be able to produce and supply the Force with farm crops and livestock.

The above demonstrates poor administration and decision making from the Farm Manager which has resulted in the Force procuring from outside vendors on its ration.

Failure to fully utilize the farm land area available deprives the Farm from realising its full potential and meeting its core objective. The Force will continue to spend its funds on buying from outside vendors for its ration supply which it could have been saved if the Farm is operating to its full capacity.

Recommendations

The Force must:

- **review and carry out reform on the management of its Farm to ensure improvement in the utilization of Farm.**
- **take appropriate action to ensure full utilization of idle land area.**
- **The CO LSU should ensure rations are acquired directly from approved vendors if the farm does not produce the required crops or livestock's.**

Force's Comments

OAG findings and recommendations are noted.

The Force had reviewed and carries out reform on the management of its Farm.

The first phase is to replant rootcrops such as cassava and dalo, varieties of very healthy vegetables, fruits and ginger which are a short term income earnings. This also includes the establishment of floriculture nursery with irrigation systems and water tanks with accessories needed in the Farm.

The second phase is the re-establishment of poultry, piggery unit and fish farming which is not functioning at the moment. This also includes the establishment of bee keeping projects.

¹⁹ RFMF Farm General Financial Regulation 4.1.4, 4.22 & 4.23

The third phase is the replanting of coconut, lemon and yasi trees which is long term income earnings whereby some of these trees have been planted in 2015.

20.17 Force Farm Boundary not fully fenced and secured

The RFMF Farm boundary covers the area east from the Force Training Group sports ground perimeter to West, the Prison compound security fence, and North-South along the existing cattle pasture.²⁰

The following anomalies were noted:

- The farm boundary was not fenced and secured from outsiders.
- People living along the farm boundary have used the farm lands for their own farm use. No approval was taken from the Force.
- The farm is not subjected to any security.

The above have resulted in theft of farm produce and unauthorized entry and use of Force Farm property.

Recommendation

The CO LSU must ensure the Farm boundary is properly fenced and secured.

Force's Comments

OAG findings and recommendation is noted.

The fencing of the Farm will be done after the Ministry of Lands redefine the boundaries of the RFMF Farm which still to be completed.

RFMF ENGINEERS PROJECTS

20.18 Anomalies in Project Work at RFMF Engineer Unit

Permanent Secretaries shall:

- a- Be responsible for preparing the Ministry's or Department's Annual Procurement Plan outlining the requirements of the agency in terms of the procurement of goods and services and works that must be undertaken in a budget period;
- b- Ensure that all procurements in their Ministry or Departments are made with due regard to the guiding principles of procurement outlined in regulation 3;
- c- Execute and manage all procurement contracts signed on behalf of their Ministry or Department; and
- d- Provide these records on request for the Auditor General for audit purposes or by the Director Fiji Procurement Office for compliance checks.²¹

Any procurement of goods, services or works shall be issued so as to promote the following principles:

²⁰ RFMF Farm Standing Operating Procedures & Farm Management Manual 2003 – History and Objective of the Farm

²¹ Procurement Regulation 2010, Part 2 (7)

- a- Value for money
- b- Maximise economy and efficiency and the ethical use of government resources;
- c- Promote open and fair competition amongst suppliers and contracts;
- d- Promote the integrity of fairness and public confidence in the procurement process; and
- e- Achieve accountability and transparency in the procedures relating to the procurement.²²

The Government Tender Board in its meeting No. 12/2014 held on 10/07/14 deliberated on your request for the above. The Board:

- I. Noted the recommendation and justification submitted.
- II. Approved to appoint various contractors (14) to the Panel of Contractors for general building works, electrical, earthworks, consultancy and architecture for RFMF for a period of 2 years as per Annex 1 Attached.
- III. Directed that should any of the individual projects exceed \$50,000, a selective tender process must be taken.

In view of the limited validity period for FNPF and FRCA compliance documents, your office is requested to obtain current valid documents ‘as and when’ is obtained from approved contractors within the 2 year period.²³

Any person making payment in terms of a contract for services but not a contract of employment is required to make a deduction for provisional tax of 15% of gross amount of the payment at the time it is paid to the contractor. If a Certificate of Exemption is produced, no deduction is to be made from the payment.²⁴

20.19 School Projects

Audit scrutiny of projects undertaken for schools through the Prime Minister’s Office revealed the following anomalies:

- The absence of a memorandum of understanding (MOU) between the RFMF Engineer Unit and the Prime Minister’s Office;
- Considerable delay of work completion;
- Project files for each were not updated.

Refer Table 20.10 for details

Table 20.10: Anomalies noted on School Projects

Project	Project Cost (\$)	Anomalies
Sawani Village School	562,670.78	<ul style="list-style-type: none"> • No memorandum of understanding in place • Project files not updated
Veivatuloa Primary School	67,343.04	
Naqalimare Primary School	168,042.17	
Nasivikoso District School	198,906.86	
Niusawa Methodist High School	286,669.91	
Uluivalili Secondary School	510,770.71	<ul style="list-style-type: none"> • Project commenced in 2012 but completed in 2014 • No memorandum of

²² Procurement Regulation 2010, Part 1 (3)

²³ Government Tender Board Approval memo to Commander RFMF dated 11/7/14.

²⁴ Legal Notice No. 70 – Income Tax Regulation 1976 – collection of provisional tax

Project	Project Cost (\$)	Anomalies
		understanding in place

The absence of MOU shows weakness on the part of the Unit to properly accept projects with mutual contractual agreement with the Prime Minister's Office. Even-though, the projects are for the Prime Minister's Office, The RFMF Engineer Unit as a contractor should demand MOU for all projects undertaken as a measure to protect and safeguard the utilisation of funds with conditions in the implementation of projects.

The above may lead to unplanned cost over-run, project delay and projects completed without the planned/agreed specifications.

Recommendations

The Force Engineer must ensure that:

- **a MOU or a contract is in place for projects it receives from the other government departments and ministries; and**
- **project files are maintained and updated with all relevant milestone reports filed.**

Force's Comments

OAG findings and recommendations are acknowledged.

The absence of the MOU has been a long outstanding issue with the Prime Minister's Office on the past projects. In 2014, all Prime Minister's Office projects which are to be undertaken by the RFMF Engineer's require a MOU to be signed before the implementation of the projects.

20.20 Korosi to Balaga Project – Vanua Levu

The Korosi to Balaga access road project started in 2011. The project is for RFMF Engineer Unit to construct access road from Korosi to Balaga. The project was to be done on 4 stages covering a total of 14 kilometres and is for the Ministry of Rural and Maritime Development and National Disaster Management (MRMD&ND). The Memorandum of Understanding between MRMD&ND and the RFMF Engineer Unit is signed on every year starting from 2011 to 2014 outlining the works to be done with total project cost for that year.

The audit noted the following anomalies with regards to the project:

- Slow implementation of project. A total of \$1,665,755.50 has been paid to RFMF Engineering Unit from 2011 to 2014 for this project, and it has not been completed;
- Allocation for 2014 of \$572,815 has been exceeded by \$45,174 as at 27/11/14. As at the date of audit on 05/08/15 the project is yet to be completed;
- Oversight in the Memorandum of agreement with sub-contractor –did not specifically state the cost of project, duration and length of road to be covered to guides the RFMF Engineering Unit and sub-contractor in the implementation at the same time have control on project fund; and
- Certificate of exemption submitted by the contractor has expired on 06/11/2014. The RFMF Engineering Unit did not deduct 15% provisional tax on payment made to Faizal totalling to \$51,640 vide cheque number 562 on 29/12/14.

The above anomalies are due to poor planning and poor monitoring by RFMF Engineering Unit in the execution of the project works given the weather condition and landscape the project is carried out on.

Information gathered from the Commissioner Northern Office that there is indeed great delay and slowness in the implementation of the project by the RFMF coupled with no report or update submitted to them.

Failure to properly plan, execute and monitor projects may result in the project being delayed with substantial cost overrun.

Recommendation

The Force Engineer should liaise with the Commissioner Northern and an expert road engineer on how best to bring the project to completion.

Force's Comments

OAG findings and recommendation is noted.

The Force Engineer will ensure to engage an approved contractor for the completion of the project; and

The provisional tax was not exercised for this project because the contractor was only hired as and when is required.

20.21 New Bau College Site Project

A Memorandum of Understanding (MOU) was signed by the Ministry of Education and the RFMF Engineer Unit (the Unit) on 08th April 2014 for the development and upgrading of the new Bau College site at Mokani, Bau Tailevu. The total cost for the project as per MOU was \$1,300,343.46.

On 20th August 2014, the Unit sub contract and signed a MOU with a private Contractor No.1 for earthmoving works on the same project.

The audit noted the following anomalies with regards to the project:

- the private contractor is not an approved Government contractor nor approved contractor for the Force as approved through the Government Tender Board;
- the private contractor was selected through obtainment of competitive quotations;
- MOU signed with the private contractor does not have a project cost and timeline for the project;
- the private contractor does not produced a certificate of exemption for all contract payments claimed;
- The Unit did not deduct 15% provisional tax on payments made to the private contractor; and
- No officer from the Unit was present to verify and tally the loads of waste materials and hours used daily as claimed by the private contractor in its daily invoices on the use of dump trucks and excavators.

Refer to Table 20.11 for examples of payment made to the private contractor.

Table 20.11: Examples of Payments made to the private contractor

Date	Cheque No.	Details	Amount (\$)	Payment Anomalies
30/09/14	433	Payment for the mobilization of machines as per MOU	8,000.00	<ul style="list-style-type: none"> Not an approved Government Contractor No certificate of exemption attached No 15% provisional tax deducted Daily invoices claimed was not verified, tallied and agreed by the Unit to substantiate the number of loads and hours worked by the dump trucks and excavator.
14/10/14	445	Payment of equipment hire and works done by sub –contractor for new Bau college site - Mokani	6,618.00	
17/10/14	451		17,545.00	
28/10/14	462		15,472.50	
05/11/14	469		12,635.00	

The above shows oversight and lack of prudence and due diligence on the part of the Unit in the planning and execution of the project through the sub-contractor. The Unit has disregarded government regulation through the engagement of a non-approved contractor.

Failure to exercise due diligence and care from the planning to the execution of projects through MOU, may result in cost over-run, payment of fraudulent invoices and delay in projects. The government funds may not be economically utilised if such practice continued.

Recommendations

The Force Engineer must ensure that:

- **MOU is designed to include timelines and project cost.**
- **only approved contractor from the Government Tender Board are engaged.**
- **provisional tax is deducted for contract payments if certificate of exemption is not provided by the contractor.**
- **daily invoices on number of loads and hours worked by the contractor are verified tallied and agreed through separate Unit tally sheet before processed for payment.**

Force's Comments

OAG findings and recommendations are noted.

The MOU signed is valid for six months and be renewed if the contractor is required to be engaged in other works;

*The Force Engineer will ensure to engage an approved contractor for the completion of the project;
The provisional tax was not exercised for this project as the contractor was only hired on required basis; and*

The Force Engineers was also verifying the number of loads on a daily basis and recorded on tally cards to tie with the contractors invoice.

20.22 Namara, Vunisei and Muanaisololo Project - Kadavu

A Memorandum of Understanding (MOU) was signed between the Ministry of Rural & Maritime Development and National Disaster Management (MRMD&ND) through the Commissioner Eastern office and the RFMF Engineer Unit (the Unit) on 04th February 2014 for the Namara, Vunisei and Muanaisololo road work project. The project is for 4 months (120 days) of favourable/fine weather

conditions at a total cost of \$298,772.76. The agreed works was road side clearing and drainage works, road formation works, gravelling works, road completion works, culvert drainage (conducted concurrently throughout) and road upgrade finishing works. The agreed time line as per MOU for works to commence on 17/02/14 and complete on 15/05/14.

Following this, the Unit sub-contracts the works to private Contractor No.2 with MOU signed on 21/06/14 for three months and private Contractor No.3 with MOU signed on 29/07/14 also for three months from 29/07/14 to 29/10/14. Another MOU was signed on 02/12/14 with private Contractor No.3 for another three months. The sub-contractors were selected through obtainment of competitive quotations.

The audit noted the following anomalies for the project:

- By sub-contracting the project works, the initial timeline with MRMD&ND is not met;
- MOU signed with the sub-contractors stated that payment for all works will be based on hours of work, irrespective of number of carting the truck made in an hour;
- Certificate of exemption for provisional tax was not produced/attached;
- Provisional tax at 15% of invoice paid was not deducted by the Unit;
- Private Contractor No.3 continues to work in the month of November after expiring of MOU on 29/10/14 and a second MOU was signed on 02/12/14 ; and
- Considerable delays for the project work as per initial MOU with MRMD&ND.

Considerable delays are seen in the implementation of this project and it demonstrates the lack of capacity within the unit to deliver services it agrees to provide as per MOU.

Recommendation

The Force engineer should not accept new projects if it does not have the capacity to implement them.

Force's Comments

OAG findings and recommendation is noted.

The timeline as stated on the MOU to complete the project is based on favourable and fine weather conditions. The delay of the project is based was mainly due to unfavourable weather conditions and also the shortage of gravel which was communicated to the Commissioner Eastern's Office; and

The provisional tax was not exercised for this project as the contractor was only hired as and when is required.

Appendix 20.1: General ledger accounts written off

Account	Description	Amount (\$)
1-19101-19999-840602	WITH-HOLDING TAX	502.53
1-19101-19999-861199	XXX PD OTHERS	7,875.94
1-19101-19999-861201	240 FIJI CARE INSURANCE GROUP	9,892.84
1-19101-19999-861202	241 PD CMLA	(67,118.67)
1-19101-19999-861204	244 PD-LICI	(99,109.15)
1-19101-19999-861209	249 PD MARSH & MCLENNAN	947.44
1-19101-19999-861299	XXX PD OTHERS	(365,748.08)
1-19101-19999-861306	263 PD HOUSING AUTHORITY	(12,887.08)
1-19101-19999-861307	264 PD HOME FINANCE CO	615.56
1-19101-19999-861399	XXX PD OTHERS	530,356.45
1-19101-19999-861402	203 PD RENT ARREARS	(10.91)
1-19101-19999-861501	301 PD FPS CREDIT UNION	3,864.71
1-19101-19999-861532	YYY PD PUBLIC EMPLOYEE UNION	(226.20)
1-19101-19999-861536	HANDY FINANCE LIMITED	3,587.02
1-19101-19999-861599	XXX PD OTHERS0	(1,003,271.40)
1-19101-19999-861601	341 PD MAINT-SUVA	(14,427.94)
1-19101-19999-861605	345 PD MAINT-BA	(424.00)
1-19101-19999-861611	351 PD MAINT-SAVUSAVU	680
1-19101-19999-861701	357 PD RATES-SUVA	(4,892.46)
1-19101-19999-861716	XXX PD RATES-NASINU	(2,659.38)
1-19101-19999-861864	PD STATE LEASE RENTAL	1,058.00
1-19101-19999-861901	201 PD TAX ARREARS / PAYE	(371,565.83)
1-19101-19999-861902	204 PD DEPST A/C RECOVERABLE	(10,063.00)
1-19101-19999-861909	335 PD FORFEITURES	22,173.89
1-19101-19999-861920	501 P D EMPLOYEES FNPF	(3,866,658.08)
1-19101-19999-861999	YYY PAYROLL DEDUCTION MISCEL	(171,989.88)
Total		(5,409,497.68)

Section 21 **Fiji Police Force**

Role and Responsibilities

The Fiji Police Force formulates and implements policies related to national defence, domestic security and public order, citizenship, maritime surveillance, passports, residency, national day celebrations and responding to natural disasters.

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PART A: FINANCIAL STATEMENTS

21.1 Audit Opinion

The audit of the 2014 accounts of the Fiji Police Force resulted in the issue of a qualified audit report.

A variance of \$521,197 exists between revenue recorded in the general ledger (\$2,353,153) and the revenue recorded by the Force (\$2,874,350). As such, the revenue recorded in the Statement of Receipts and Expenditure has been understated by the same amount.

21.2 Statement of Receipts and Expenditure

The Force collected revenue totalling \$2,353,153 and incurred expenditure totalling \$102,856,705 in 2014. Refer to Table 21.1 below for detail of revenue collected and expenditure incurred during the year.

Table 21.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
Police Clearance Fees	2,096,653	1,935,620
Licenses Fees	133,604	141,405
Other Agency Revenue	122,896	99,803
TOTAL REVENUE	2,353,153	2,176,828
EXPENDITURE		

Description	2014 (\$)	2013 (\$)
Operating Expenditure		
Established Staff	82,851,547	69,091,943
Government Wage Earners	477,868	495,958
Travel & Communications	3,619,442	3,978,133
Maintenance & Operations	5,833,969	6,424,025
Purchase of Goods & Services	4,022,203	2,996,227
Operating Grants & Transfers	71,299	64,632
Special Expenditures	998,828	725,602
Total Operating Expenditure	97,875,156	83,776,520
Capital Expenditure		
Construction	663,269	562,938
Purchases	1,926,094	1,165,912
Total Capital Expenditure	2,589,363	1,728,850
Value Added Tax	2,392,186	2,300,736
TOTAL EXPENDITURE	102,856,705	87,806,106

Total revenue increased by \$176,325 or 8% due to increase in commission received for staff deductions and increase in the number of Police clearance issued to the public.

Total expenditure increased by \$15,050,599 or 17% in 2014 compared to 2013. This was mainly due to increases in operational costs relating to staff salaries and allowances due to new recruitment and the general elections held in September. Other increase in operational cost relates to office equipment, uniforms, special trainings and capital purchases of equipment for traffic management, standard equipment, biology and DNA equipment, communication equipment, pathologist equipment, band equipment and special operation equipment.

21.3 Appropriation Statement

The Force incurred expenditure totalling \$102,856,705 against the revised budget of \$111,767,737 resulting in a savings of \$8,911,032 or 8%. Details of expenditure against the budget estimates are provided in Table 21.2.

Table 21.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Operating Expenditure					
1	Established staff	89,048,603	(2,464,939)	86,583,664	82,851,547	3,732,117
2	Government Wage Earner	626,300	---	626,300	477,868	148,432
3	Travel and communications	3,468,000	262,000	3,730,000	3,619,442	110,558
4	Maintenance & operations	5,559,596	1,160,000	6,719,596	5,833,969	885,627
5	Purchase of goods and services	3,358,198	991,753	4,349,951	4,022,203	327,748
6	Operating grants and transfers	90,000	---	90,000	71,299	18,701
7	Special expenditures	1,388,000	(20,000)	1,368,000	998,828	369,172
	Total Operating Expenditure	103,538,697	(71,186)	103,467,511	97,875,156	5,592,355
	Capital Expenditure					
8	Construction	2,300,000	(507,327)	1,792,673	663,269	1,129,404
9	Purchases	3,061,540	257,000	3,318,540	1,926,094	1,392,446
	Total Capital Expenditure	5,361,540	(250,327)	5,111,213	2,589,363	2,521,850

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
13	Value Added Tax	2,867,500	321,513	3,189,013	2,392,186	796,827
	TOTAL EXPENDITURE	111,767,737	---	111,767,737	102,856,705	8,911,032

PART B: AUDIT FINDINGS

21.4 Variances and Absence of Separation of Duties for Revenue Account

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 avoids unfavorable audit reports.¹

Every revenue collector who receives public money, other money or trust money must record the details in a cashbook, or in the financial management information system.² Each Accounting Head must ensure that the recording of revenue is reconciled monthly with the Ministry of Finance and revenue collectors chart are maintained to monitor the payments of revenues by the revenue collectors.³

The Force recorded a total of \$2,353,153 in state revenue for the financial year ended 31/12/14, an increase of 8% or \$176,325 from previous year.

Review of the administration of revenue reveals that there was no separation of duties pertaining to the collection, banking and recording of revenue.

The audit noted that the revenue clerk at Headquarters orders the receipt books from Ministry of Finance, maintains and reconciles the stock and distribution registers, collects the revenue for Headquarters, lodges the revenue to the bank, enters the record into the general ledger system (FMIS) and prepares the bank lodgment clearing account reconciliations.

The audit further noted that the revenue records maintained by the Force did not reconcile with the revenue recorded in the general ledger system. Refer Table 21.3 below for details.

Table 21.3: Discrepancies in Revenue Records

Particulars	Amount (\$)
Total Revenue as per Revenue Collectors Chart	2,874,350
Total Revenue as per General Ledger (FMIS)	2,353,153
Variance	521,197

As such, revenue is not fairly stated in the Statement of Receipts and Expenditure.

Inadequate controls in the administration of revenue increases the risks of theft and misappropriation of funds.

¹ Fiji Police Force Finance Manual 2011 – Section 4.5.14

² Finance Instructions 2010 – Section 20(7)

³ Finance Instructions 2010 – Section 21(1) (c) & (2)

Recommendations

- **The Force Accountant should review the internal controls for revenue and ensure that there is adequate segregation of duties.**
- **The Force should ensure that all revenue recorded reconciles with the revenue recorded in the general ledger system.**

Force's Comments

As per your recommendation, Fiji Police Force has reviewed the internal controls for revenue and has redistributed job responsibilities to ensure adequate segregation of duties. The following is now in place: Collection of Revenue at HQ is done by the RFA Clerk who also does bank lodgments and not by the Revenue Clerk. The Recording of Revenue and posting of this record into the Financial Management System (FMIS) General Ledger system is done by Revenue Clerk.

The Bank Lodgment Clearance (BLC) reconciliation is performed by the Officer in Charge Ledgers Section.

In 2014, the Police collected and receipted a total of \$2,874,350.00. Out of this, only \$2,353,153 was classified as revenue. This variance was fund collected from recoveries for overpayment, bond for overseas leaves, money returned for unutilized advances, and Performance Bond deposited for contracts and salaries for maritime officers where they do not have banking facilities and those without bank accounts.

21.5 2014 Write Off for the Force

Subject to this or any other Act, the Minister of Finance may write off losses in respect of public money, state assets and agency assets.⁴

The Finance Instructions may require each budget sector agency:

- a) To undertake appropriate recovery action for losses;
- b) To maintain a register of losses containing the details required to be recorded by the Finance Instructions; and
- c) To include details about losses and recovery action in the audited financial statements to be included in the agency's annual report.⁵

Liabilities are amounts owed by Government to creditors and should be paid and not written off.

Audit noted that liabilities totalling \$1,127,139 were approved to be written off by Ministry of Finance without any supporting documents to justify the reason for write offs. Refer to **Appendix 21.1** for details.

In addition to the above write off, Assets totalling \$1,888,862.13 was written off by the Ministry of Finance. These write off has been disclosed in the Force's Financial Statement under the Statement of Loss. Refer to Table 21.4 for details.

⁴ Financial Management Act 2004 – Section 34(1)(a)

⁵ Financial Management Act 2004 – Section 35

Table 21.4: Detail of Write off in Assets

Description	Allocation	Amount (\$)
Imprest ANZ	12010120101537101	138.50
Advances	12010120101570301	697,909.39
Drawings ANZ Suva	12010120101530101	1,190,814.24
Total		1,888,862.13

As a result, the audit could not ascertain the accuracy of the write-off in the general ledger system.

Recommendation

The Force should ensure that all write offs are properly substantiated with supporting documents to justify the reasons for write offs.

Force's Comments

In relation to write-offs, it needs to be emphasized that all approvals and write-offs are done by the Ministry of Finance and not the Fiji Police Force. The Fiji Police Force will only provide the information.

21.6 Irregularities in 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.⁶

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

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 10 days of the end of the month.⁷

The audit noted the Force recorded an overdrawn amount (debit balance) of \$10,194 in the operating trust fund account. Refer to Table 21.5 below for details.

Table 21.5: Overdrawn Operating Trust Fund Accounts

Allocation	Particulars	Amount (\$)
1-20101-20101-861911	Sports & Social	10,194
Total Overdrawn		10,194

The above anomaly indicates that the operating trust fund accounts reconciliations were not carried out effectively to rectify the overdrawn account in a timely manner.

⁶ Fiji Police Force Finance Manual 2011 - Section 4.7.3

⁷ Fiji Police Force Finance Manual 2011 - Section 14.4.1 – 14.4.4

Failure to rectify overdrawn accounts in a timely manner reflects poor accountability and financial management.

Recommendation

The Senior Accounts Officer should ensure that overdrawn balances are rectified in a timely manner.

Force's Comments

The Force did not provide any comments on the overdrawn accounts noted above.

21.7 Acquittals Not Done for Police Election Fund

Transparency and accountability of public funds is always at the forefront of any Donor and Development Partners Agenda, hence the need to put in place effective mechanism or develop new ones where appropriate. The Ministry of Finance currently receives substantial ad-hoc funding from donors in support of projects and programs not identified in the annual budget. The funds are deposited into the Consolidated Fund Account and released to Ministries and Departments via Small Grant facility under Head 50.⁸

Submission of acquittals is an important requirement when requesting for further tranches of donor funding when needed or at the completion of project/programme. These acquittals indicate if Ministries and Departments have been able to fulfil its obligation as per the signed MOU/MOA or otherwise.⁹

At the end of each project, agencies are required to ensure proper clearing of the SLG84 account and any outstanding balance in the SLG84 account are to be accounted for.¹⁰

The Fiji Police Force was provided with Police Election Fund totalling \$1,258,604 from the Ministry of Finance under Head 50 – Miscellaneous Services to Fiji Police Force SLG 84 account to be used for election related expenses.

The Force have utilised funds totalling \$1,133,841 and the balance of funds totalling \$124,763 were credited to Special Constabulary at the end of the financial year 31/12/2014. Refer to Table 21.6 below for details of funds transferred to Special Constabulary at the end of the financial year 31/12/2014.

Table 21.6: Detail of Clearance of Police Election Fund

Period	Allocation	Description	Amount (\$)
12/2014	1-20101-20101-010302	01/12/14 clearance of SLG84	(124,763.37)
12/2014	1-20110-20110-840101	01/12/14 clearance of SLG84	124,763.37

The Force reveals that fund was transferred to the Special Constabulary to cater for the payment of extra hours during elections for the Special Constables.

⁸ Ministry of Finance Circular No. 11/2013 – ODA checklist - Accessing SGS facility under Head 50 – Paragraph 1.2 to 1.3

⁹ Ministry of Finance Circular No. 11/2013 – ODA checklist - Accessing SGS facility under Head 50 - Paragraph 2.1 to 2.2

¹⁰ SLG84 Reporting Guide dated May 2013

The audit noted that the Force failed to prepare acquittals for the utilisation of the \$124,763 credited to Special Constabulary account.

As a result the audit could not substantiate the \$124,763 as acquittals and necessary supporting documents were not produced to audit to justify the utilisation of donor funds.

The above indicates lack of transparency and accountability by the Force on the use of donor funds.

Timely preparations and submission of acquittals and reconciliation would enhance the finances and reporting to the Fiji Government's stakeholders.

Recommendations

- **The Fiji Police Force should also disclose other expenditure incurred for its operations which are paid for by the Ministry of Finance.**
- **The Fiji Police Force should ensure that acquittals records for donor funds received from other donor agencies through Ministry of Finance are prepared, properly accounted for and submitted to audit upon request.**
- **The Fiji Police Force should consult Ministry of Finance to allocate or redeploy Funds to their budget to meet its operations.**

Force's Comments

There were no comments received by the force on the utilization of \$124,763.

21.8 FNPF Suspense Account

Every employer shall, as soon as any person not already a member of the Fund under the age of 55 years becomes his employee, register him on the appropriate form and forward such form to the Manager at the Office of the Fund within 1 month of the date of commencement of his employment.¹¹

Audit noted that the Fiji Police Force had unidentified contribution of \$18,095 with Fiji National Provident Fund (FNPF) as at 31/12/2014.

Refer to Appendix 21.2 for details of unidentified contribution as at 31/12/2014 and Table 21.7 for unidentified contribution for the past four years.

Table 21.7: Details of Unidentified FNPF Contributions

Year	No. of Employees	Amount (\$)
2011	415	26,957
2012	415	26,957
2013	218	15,160
2014	251	18,095

It is apparent that the balance may continue to increase and carried forward to the next financial year if the Force fails to reconcile the unidentified funds with FNPF.

¹¹ FNPF Act (Cap 219) – Section 63; Part II – Regulation 7

The above anomaly was also highlighted in the 2013 Draft Audit Memorandum which was issued to the Force on 11/09/2014 however the Force failed to take any corrective action.

Recommendation

The Force should liaise with FNPF and reconcile and identify of the unidentified contribution.

Force's Comments

The Fiji National Provident Fund (FNPF) ledgers have been reconciled and over the years the member's deductions/contributions have been appropriately paid to the FNPF Board.

After consulting FNPF, FPF has managed to identify \$12,403.28 contribution out of \$18,094.00 as per the audit query. The balance of \$5,690.72 is still un-identified.

Furthermore, attempt has also been made to identify individuals whose records are held in Suspense Account through publishing in the weekly Force Routine Order (FRO) no. 27/15 dated 3rd July, 2015 , however, no response has been received to-date. Now FPF is in the process of publishing in the local newspapers as the next line of action.

For information and as an improvement, no salary is processed without officers providing Birth Certificate, FNPF number, FRCA TIN and Bank details.

In response to the recommendation the next round of consultation with FNPF will be in October, 2015.

Appendix 21.1: Detail of Liabilities Written Off

Allocation	Description	Amount (\$)
1-20101-20999-840602	Withholding Payable	(101,755.78)
1-20101-20101-861104	208 PD Rent H/A Unest	(18,210.87)
1-20101-20101-861105	267 PD Rent PRB	(8,615.93)
1-20101-20101-861106	390 PD Gov Water rates	(198.29)
1-20101-20101-861202	241 PD CMLA	(92,510.07)
1-20101-20101-861204	244 PD LICl	(144,244.75)
1-20101-20101-861206	246 PD Marsh & McLennan	(47,224.30)
1-20101-20101-861210	250 PD Police Welfare Scheme	(305,492.58)
1-20101-20101-861306	263 PD Housing Authority	(4,341.05)
1-20101-20101-861307	264 PD Home Finance Co	(1,838.75)
1-20101-20101-861308	266 PD FDB Housing	(4,227.83)
1-20101-20101-861511	301 PD FPS Credit Union	(9,247.65)
1-20101-20101-861515	305 PD GSMA Credit Union	(445.00)
1-20101-20101-861532	YYY PD Public Employee Union	(387.98)
1-20101-20101-861533	Wesram Finance	(97,704.60)
1-20101-20101-861536	Handy Finance Ltd	(5,705.79)
1-20101-20101-861537	Carpenters Finance Fiji Ltd	(170.69)
1-20101-20101-861538	Ontime Finance Ltd	(537.18)
1-20101-20101-861601	341 PD Maint – Suva	(4,599.00)
1-20101-20101-861602	342 PD Maint – Nausori	(5,919.00)
1-20101-20101-861603	343 PD Maint – Rakiraki	(62.33)
1-20101-20101-861604	344 PD Maint – Tavua	(720.00)
1-20101-20101-861605	345 PD Maint – Tavua	(907.50)
1-20101-20101-861606	346 PD Maint – Lautoka	(4,090.00)
1-20101-20101-861607	347 PD Maint – Nadi	(1,060.00)
1-20101-20101-861608	348 PD Maint – Sigatoka	(1,080.00)
1-20101-20101-861616	PD Maint – Nasinu	(1,090.00)
1-20101-20101-861701	357 PD Rates – Suva	(1,388.80)
1-20101-20101-861716	XXX PD Rates – Nasinu	(605.00)
1-20101-20101-861901	201 PD Tax Arrears/PAYE	(174,345.71)
1-20101-20101-861911	385 Sports & Social	(26,447.62)
1-20101-20101-861912	386 PD Unique (Disp Serv)	(59,642.97)
1-20101-20101-861914	389 PD – Court Bankruptcy	(631.78)
1-20101-20101-861922	Payroll Ded – Dobu Finance	(600.00)
1-20101-20101-861924	Central Finance 329	(370.64)
1-20106-20101-861604	344 PD Maint – Tavua	(720.00)
Total		1,127,139.44

Appendix 21.2: FNPF Suspense Account

Ref	Year	Line No.	Sheet No.	Member No.	Amount(\$)
4	2010	3	219		47
5	2010	5	305		28
6	2010	2	219		47
7	2010	13	294		47
8	2010	10	224		93
9	2010	9	223		47
10	2014	12	296		77
11	2010	18	318		52
12	2013	15	281		81
13	2014	2	28		636
14	2014	2	28		166
15	2009	12	299		23
16	2010	12	207		64
17	2010	12	200		122
18	2010	12	235		103
19	2003	1	308		57
20	2010	12	308		69
21	2010	7	330		38
22	2014	3	291		58
23	2010	12	299		17
24	2010	20	302		17
25	2010	1	294		26
26	2010	20	327	2301465	2
27	2013	17	279		32
28	2014	1	113		377
29	2014	1	112		377
30	2014	10	280		139
31	2010	6	294	2426915	32
32	2010	6	309	2426915	31
33	2010	7	303	1108783	30
34	2014	9	291		77
35	2014	13	296		77
36	2014	1	296		133
37	2010	7	307		47
38	2009	2	263	2212110	47
39	2010	13	354		104
40	2010	11	360		29
41	2014	12	33		16
42	2014	12	33		244
43	2010	1	352	1314443	140
44	2010	17	298		16
45	2012	7	234		87
46	2012	6	249		96
47	2012	6	271		48
48	2012	8	250		77
49	2012	6	233		82
50	2012	5	234		76
51	2012	8	235		93
52	2012	6	250		96
53	1998	1	231		12
54	1998	1	207		32
55	1998	1	235		1

Ref	Year	Line No.	Sheet No.	Member No.	Amount(\$)
56	2010	9	201	425725	106
57	2010	18	366	2205712	78
58	2010	19	310	1102949	104
59	2009	9	271	425725	132
60	2009	10	275	425725	79
61	2009	13	272	425725	132
62	2009	1	275	425725	79
63	2009	3	310	425725	26
64	2010	18	186	425725	79
65	2010	1	296	425725	26
66	2010	16	332	425725	26
67	2010	8	272	425725	53
68	2010	10	299	425725	53
69	2010	9	275	425725	132
70	2010	19	271	425725	26
71	2010	20	293	425725	26
72	2010	20	296	425725	31
73	2010	18	304	425725	26
74	2010	12	197	425725	106
75	2010	11	299		47
76	2010	7	196		26
77	2010	3	279		79
78	2009	9	274	425725	106
79	2010	6	277	425725	79
80	2010	8	197	425725	106
81	2010	19	360	425725	26
82	2010	4	198	425725	53
83	2010	1	183	1201182	48
84	2010	20	315	1614425	104
85	2009	9	297		45
86	2011	1	277		175
87	2010	14	333		26
88	2009	2	200	1316424	47
89	2010	20	365		48
90	2010	14	307		28
91	2010	14	302		188
92	2010	15	381		96
93	2010	18	308		22
94	2010	14	359		35
95	2010	8	369		84
96	2014	3	294		77
97	2014	3	297		77
98	2014	5	296		133
99	2010	15	304		73
100	2010	11	363		95
101	2009	18	189		47
102	2010	18	361		17
103	2010	10	300		32
104	2010	11	301		32
105	2010	7	382		44
106	2010	9	307		15
107	2010	2	303		42
108	2010	8	303		61
109	2014	13	280		58

Ref	Year	Line No.	Sheet No.	Member No.	Amount(\$)
110	2010	11	303		64
111	2014	5	36		325
112	2010	10	348		13
113	2010	3	341	2526624	8
114	2014	16	291		133
115	2010	9	224		9
116	2010	3	197		108
117	2010	19	197		103
118	2010	10	289		27
119	2010	5	196		102
120	2011	5	195		27
121	2010	6	196		108
122	2010	11	307		16
123	2010	15	271		27
124	2010	7	197		108
125	2010	20	370	2110209	23
126	2010	3	365		104
127	2010	7	370		101
128	2014	20	289		24
129	2014	16	280		321
130	2010	5	339		60
131	2013	18	281	1301407	7
132	2014	14	90		198
133	2010	10	358		151
134	2014	5	289		8
135	2010	13	360		76
136	2011	11	206	2703511	152
137	2009	14	273		47
138	2010	14	305		47
139	2010	1	307		9
140	2010	8	304		61
141	2010	12	376	2530311	5
142	2009	18	305		34
143	2010	14	356	2522637	7
144	2010	13	365	2423178	24
145	2010	4	364		106
146	2010	17	225		94
147	2010	20	306		47
148	2009	15	100	1503472	61
149	2010	19	302		26
150	2010	20	294		26
151	2009	14	274		74
152	2007	1	242		103
153	2010	12	333	2415836	37
154	2010	7	384	1107709	96
155	2010	16	307		26
156	2010	10	366	2503176	88
157	2010	13	308		61
158	2010	16	308		72
159	2010	2	307		20
160	2010	3	307	2588139	47
161	2010	18	331	1420991	26
162	2010	9	305		21
163	2010	7	309		26

Ref	Year	Line No.	Sheet No.	Member No.	Amount(\$)
164	2010	11	358		104
165	2010	16	307		25
166	2010	10	309		131
167	2010	17	381		104
168	2009	10	96	2413877	126
169	2013	13	309		24
170	2010	16	384		21
171	2010	4	302	1626835	26
172	2010	5	308		47
173	2010	10	381		51
174	2009	13	312		22
175	2009	11	306		26
176	2014	2	296		77
177	2010	1	362		48
178	2010	14	361	2105452	32
179	2010	17	337		63
180	2010	17	341	1404806	140
181	2010	1	366		83
182	2010	6	300		93
183	2010	17	367	1325958	84
184	2010	20	300		25
185	2010	1	302		25
186	2009	17	305		26
187	2010	8	383		104
188	2010	19	342		35
189	2010	10	359	501984	68
190	2010	7	308		33
191	2010	3	306		103
192	2010	4	286		105
193	2010	4	209		105
194	2010	18	309		26
195	2013	14	281		81
196	2010	14	311		27
197	2014	16	296		77
198	2014	2	292		77
199	2014	3	292		77
200	2014	17	296		77
201	2009	9	299		36
202	2010	14	332		41
203	2010	6	375		92
204	2010	7	312		47
205	2010	5	371		1
206	2010	8	382		41
207	2010	3	346	1220300	85
208	2010	12	300		62
209	2010	13	301		104
210	2013	13	288		65
211	2012	4	226		96
212	2010	13	371		86
213	2009	5	308		11
214	2010	19	306		19
215	2009	4	226	2519163	47
216	2009	4	269		100
217	2010	16	317	2103756	31

Ref	Year	Line No.	Sheet No.	Member No.	Amount(\$)
218	2010	5	307		11
219	2010	5	334		26
220	2010	15	300		104
221	2010	16	301		104
222	2010	12	306	2501581	16
223	2014	18	288		53
224	2007	1	292		155
225	2007	1	297		103
226	2007	1	298		103
227	2007	1	299		103
228	2007	1	290		103
229	2007	1	296		155
230	2010	2	340		47
231	2010	12	230		93
232	2010	1	258		72
233	2010	2	268		74
234	2010	2	267		22
235	2010	8	252		21
236	2010	1	223		72
237	2010	13	342	2516250	36
238	2010	20	306		47
239	2009	17	235	1719299	47
240	2010	8	308		23
241	2010	3	307		32
242	2014	15	293		77
243	2014	1	297		77
244	2014	4	296		133
245	2012	12	247		69
246	2013	11	278	1103392	253
247	2010	8	365		104
248	2010	16	371	2326845	48
249	2009	5	216		98
250	2010	19	240		133
251	2010	7	226		92
252	2010	17	225		23
253	2009	16	217		122
254	2009	2	288	2422583	27
Total					18,095

Section 22 Peacekeeping Missions

Roles and Responsibilities

Peacekeeping Missions

The Fiji Military Force and Fiji Police Force provide international peacekeeping operations for UN sanctioned missions (UNDOF, UNAMI and MFO) in Syria, Iraq and Sinai.

According to UN Security Council mandate the deployment of UN security personnel into conflict zones must prove the following:

1. Maintaining or restoring international peace and security, exclusively in the common interest of the international community;
2. Disengaging the conflict parties;
3. Creating conditions for peaceful settlement of a conflict;
4. Monitoring cease-fire peace agreements;
5. Rendering humanitarian assistance to civilian population in the area of deployment.

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PART A: FINANCIAL STATEMENT

22.1 Audit Opinion

The audit of the 2014 financial statement of the Department of Peacekeeping Mission resulted in the issue of an unqualified audit report.

22.2 Statement of Receipts and Expenditure

The Department of Peacekeeping Mission incurred a total expenditure of \$69,958,353 in 2014. Refer Table 22.1 for details.

Table 22.1: Statement of Receipts and Expenditure for 2014

Description	2014 (\$)	2013 (\$)
RECEIPTS		
State Revenue	---	---
Total State Revenue	---	---
Agency Revenue	---	---
Miscellaneous	---	---
TOTAL REVENUE	---	---
EXPENDITURE		

Description	2014 (\$)	2013 (\$)
Operating Expenditure		
Established Staff	63,516,990	---
Government Wage Earners	---	---
Travel & Communications	97,802	---
Maintenance & Operations	111,178	---
Purchase of Goods & Services	2,820,699	---
Operating Grants & Transfers	---	---
Special Expenditures	1,457,601	---
Total Operating Expenditure	68,004,270	---
Capital Expenditure		
Capital Construction	---	---
purchase	---	---
Total Capital Expenditure	---	---
Value Added Tax	1,954,083	---
TOTAL EXPENDITURE	69,958,353	---

22.3 Appropriation Statement

The Department of Peacekeeping Mission incurred expenditures totalling \$69,958,353 in 2014 against a revised budget of \$71,263,202 resulting in a savings of \$1,304,849 or 2%.

Details of expenditures against the budget estimates are provided in Table 22.2.

Table 22.2: Appropriation Statement for 2014

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	65,070,364	(1,256,121)	63,814,243	63,516,990	297,253
2	Government Wage Earners	---	---	---	---	---
3	Travel & Communications	97,809	---	97,809	97,802	7
4	Maintenance & Operations	122,770	---	122,770	111,178	11,592
5	Purchase of Goods & Services	3,309,359	---	3,309,359	2,820,699	488,660
6	Operating Grants & Transfers	---	---	---	---	---
7	Special Expenditures	1,855,200	---	1,855,200	1,457,601	397,599
	Total Operating Costs	70,455,502	(1,256,121)	69,199,381	68,004,270	1,195,111
	Capital Expenditure					
8	Capital Construction	---	---	---	---	---
9	Capital Purchases	---	---	---	---	---
10	Grants & Transfers	---	---	---	---	---
	Total Capital Expenditure	---	---	---	---	---
13	Value Added Tax	807,700	1,256,121	2,063,821	1,954,083	109,738
	TOTAL EXPENDITURE	71,263,202	---	71,263,202	69,958,353	1,304,849

Our Vision

Enhancing public administration, accountability, transparency, economy, efficiency and effectiveness

Our Values

Team

Inspire motivated and committed members within work units

Integrity

A diligent workforce advocating high ethical standards

Impartiality

Independence, objectivity and fairness in our conduct

Quality

Conduct high quality audits according to International Standards of Supreme Audit Institutions (ISSAIs)

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