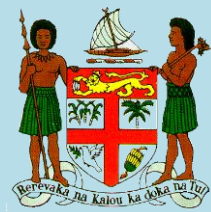




ACCOUNTABILITY IN THE PUBLIC SECTOR
THROUGH QUALITY AUDIT SERVICES

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF THE FIJI ISLANDS

**VOLUME 2 AUDIT REPORT ON GOVERNMENT MINISTRIES
AND DEPARTMENTS- 2007**



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REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF THE FIJI ISLANDS -2007

VOLUME 2



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ACCOUNTABILITY IN THE PUBLIC SERVICE SECTOR THROUGH QUALITY AUDIT SERVICES

File: 102

03 November 2008

The Speaker of the House of Representatives
Parliament House
SUVA

Dear Sir

AUDIT REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 - VOLUME 2

In accordance with section 167 (7) of the Constitution, I am pleased to transmit to you my audit report on the financial statements of government.

Eroni Vatuloka
AUDITOR-GENERAL



FOREWORD

This is the report on the audit of the 2007 Accounts and Finance of the Fiji government and its 26 ministries and departments as provided in the Appropriation Promulgation.

The introduction of a new Financial Management Information System (FMIS) in 2004/05 following the second failed attempt by the government in 1999 may have had some government support but was certainly not accompanied by sufficient and competent manpower, support from ministries and departments, and an effective change management agenda. In addition, the 2006 political upheaval resulted in high staff turnover and staff re-shuffles, which contributed to a lot of deficiencies in the preparation of the accounts.

The accounts were prepared under the cash basis of accounting with the use of a FMIS software called SSA Global. The introduction of the FMIS involved the computerization of public expenditure management processes, especially procurement and accounting. The financial statements of government, ministries and departments, which are essential outputs of the system, have not been produced by the system as they had not been included in the original scope of works in the development of the FMIS.

As the Ministry of Finance has decided to include budget formulation and execution and the adoption of the accrual basis of accounting in the FMIS in the future, a process of wide consultations is vital for the system's success. It is essential that the system should serve the needs of key stakeholders, otherwise it is not worth the investment.

The FMIS is not an integrated system as two ministries, the Ministry of Transport, Works and Energy and the Ministry of Health have implemented their own ACCPAC and EPICOR systems respectively. These are necessary because their nature of operations and functional areas require specialized information systems.

All audits were issued qualified audit opinions, with some adverse or disclaimer. The qualifications relate to: consolidation of accounts of ministries and departments, as required under the Appropriation Promulgation; the inability to determine the accuracy of the statements of output costs; the failure to provide for audit statements of losses, and trust account statement of receipts and payments; and the lack of reconciliations. In response, several ministries and departments had mentioned that these were attributed to the lack of coordination and appropriate advice from the Ministry of Finance.

Generally, public expenditure management has not improved with the use of the new FMIS. There remains a lot of work to improve the system to meet the requirements of all stakeholders.


Eroni Vatuloka
Auditor General

3 November 2008



EXECUTIVE SUMMARY

The Whole of Government financial statements and the Annual Appropriation Statement of the Government of the Republic of the Fiji Islands for the year ended 31 December 2007 have been audited in accordance with section 167 of the Constitution, sections 46 & 47 of the Financial Management Act (2004) and section 6 of the Audit Act.

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

- (i) trust monies totaling \$64.4 million have not been banked separately, contrary to section 25 of the Financial Management Act; and
- (ii) Income Tax, VAT and Hotel Turnover Tax totaling \$917.6 million (61% of total revenue) could not be substantiated as the audit was denied access to taxpayers records, contrary to section 111 of the Income Tax Act and section 7(2)(a) of the Audit Act; and

Other matters of concern are as follows:

- (a) a prior year adjustment of \$21.1 million in the Consolidated Fund Statement of Receipts and Payments could not be verified;
- (b) the lack of satisfactory explanations for the increase in unrepresented cheques from \$60.5 million in 2006 to \$73.6 million in 2007;
- (c) an adjustment of \$33.7 million in the general ledger to reduce the domestic bank account balance could not be substantiated;
- (d) the failure to produce necessary reconciliations of various accounts to ensure the accuracy of the financial statements of ministries and departments.

The gross deficit in 2007 was \$334.9 million against a budgeted deficit of \$369.6 million or 9% less than the budget. This was due to the decrease in government expenditures by \$66.8 million or 6% against the revised budget despite the decrease of \$80.4 million in revenue collections during the year. Loans raised in 2007 to finance the budget deficit was \$118.9 million, and this supplemented the \$216 million loan raised in 2006.

The following is a summary of the audit observations.

2007 Accounts and Finance

Cash at Bank

Unrepresented cheques have increased significantly from \$60.5 million in 2006 to \$73.6 million in 2007. The continuing increase in unrepresented cheques at year end is a concern as it indicated that ministries and departments had left a significant amount of their expenditures until late in the year. Such expenditures are usually uneconomical as they have been rushed before the authority to spend lapsed on 31/12/07.

A prior years adjustment of \$21.1 million in the *Consolidated Fund Statement of Receipts and Payments* could not be verified.

Investments

Government's total investment held in 30 companies in 2007 was \$429.9 million, an increase of \$0.1 million compared to 2006. Only 11 entities remitted dividends to government totaling \$22.0 million in 2007 compared to \$27.6 million in 2006. Four entities with total government investments of \$8.4 million are in-operative.

Trust Fund

Section 25 of the Financial Management Act (2004) states that trust money should be accounted for separately from public money and other money, and should be kept in a separate bank account. An amount of \$64.4 million in respect of trust moneys shown in *Schedule 1 – Statement of Assets and Expenditure* of the Whole of Government Financial Statements is not kept in a separate bank account.

18 Ministries/Departments had overdrawn their trust fund accounts totalling \$3.0 million as at 31/12/07.

Revenue

The correctness of Income Tax, VAT and Hotel Turnover Tax of \$917.6 million collected by the Fiji Islands Revenue & Customs Authority on behalf of the State, which represents 61% of Government's total revenue, could not be substantiated as audit was denied access to taxpayer records, contrary to section 111 of the Income Tax Act and section 7(2)(a) of the Audit Act (Cap 70).

The arrears of revenue in 2007 totaled \$172.4 million, a decrease of \$64.9 million or 27.3% over 2006. The high arrears of revenue was due to substantial outstanding tax arrears of \$109.0 million or 63% of total arrears owed to FIRCA and water and sewerage charges of \$29.6 million (17%) due to the Public Works and Infrastructure. Other arrears were due to Judicial Department, Meteorological Services, Agriculture, Multinational Forces Observers (MFO) in Sinai and Crown Land rents.

Expenditure

Total expenditures for 2007 amounting to \$1,726.2 million had decreased by \$23.3 million or 1.3% from 2006, and incurred an overall savings of \$115 million compared to over-expenditures of \$9.9 million in 2006.

The overall savings arose from savings in operating grants & transfers by \$4.9m or 3%, special expenditures by \$7.8m (15%), capital construction by \$44.2m (32%), capital purchase by \$5.1m (30%), capital grants & transfers by \$31m (26%), pensions & gratuities by \$3m (8%), financing of public debt by \$41.6m (9%) and VAT by \$13.7m (12%).

There were over expenditures in RFMF by 56% of its budget, Legislature 19%, Police 5% and Prisons 0.3%. The reasons for the over-expenditures were the unbudgeted salary and allowance payments and increase in expenditures due to the events of 6 December 2006.

Borrowing

Public debt in 2007 totaled \$2.7 billion and comprised of domestic loans of \$2.2 billion or 80% of total debt; overseas loans of \$397.1 million or 15%; and Treasury Bills \$141.2 or 5%.

In 2007, Government borrowings totaled \$260 million of which \$100.5 million or 39% was through domestic bonds, \$141.2 million or 54% treasury bills and \$18.3 million or 7% in overseas loans.

Principal repayments for 2007 on government borrowings totaled \$908.2 million whilst interest payments amounted to \$180.7 million.

As the budget increased every year, a greater proportion of the operating expenditures of government have been met by loans. The ratio of loans utilised for operating expenditures decreased from 49% in 2006 to 38% in 2007.

The recurring nature of the operating expenditures fundamentally means the continued reliance of the government on loans to meet its day-to-day operations. This has denied government from investing in capital works which would have contributed to increased employment and economic growth.

Lending

Loans made by Government and outstanding as at 31/12/07 totalled \$114.1 million, a decrease of \$6.2 million or 5% compared to 2006. Repayments received in 2007 totalled \$6.6 million whilst additional loans granted and interest capitalised in 2007 was \$0.6 million.

Ministries/Departments responsible for administering the Student Loans Scheme, Private Students Loan Scheme and Tertiary Education did not prepare reconciliations as administrators could not reconcile their books with Ministry of Finance records. This was due to changes in personnel over time and the absence of relevant documentary evidences. As a result, there has been unauthorised spending over approved limits by \$1.9 million (130%) for the Students Loan Scheme and \$5.9 million (117%) for the Tertiary Education Loan Scheme.

Parliament had passed resolutions between 1995 and 2004 that approved the conversion of loans owed by the Native Land Development Corporation, the Fijian Affairs Board, and the Fiji Sugar Corporation into grants. These conversions have not been executed to date.

The balance of \$1.4 million from the initial loans totalling \$2.3 million lent to, Native Land Trust Board (in 1979), Timber Exporters (1983) and Production Loan to Farmers (1990) have remained dormant to date. There have been no additional advances made, nor interest capitalised or recoveries made under these accounts. The recovery of these loans have become uncertain due to considerable lapse in time.

The Fiji Sports Council's \$3.0 million loan with the Fiji National Provident Fund in 1995 was guaranteed by Government. The Council's inability to honour its debt obligation had prompted the Fund to invoke the guarantor's clause resulting in Governments taking over of the loan repayments from 2001.

Revolving Fund Account

Numerous Ministries/Departments failed to submit their Revolving Fund Accounts reconciliations to Treasury. Significant variances were also noted between Ministries/Departments and the Ministry of Finance ledgers.

2007 Accounts of Ministries and Departments

Office of the President and Office of the Prime Minister

- (i) Monthly reconciliations for the Revolving Fund Accounts and Trust Fund Accounts have not been performed since the implementation of the Financial Management Information System of government in 2005.

- (ii) Accountable advances issued in 2005 and 2006 to the Private Secretaries of the deposed Prime Minister have not been cleared.
- (iii) Expenditures not related to community based projects were charged to the Small Grant Scheme allocation, which is funded by the Taiwanese Grant.

Public Service Commission

- (i) The recovery of loans from students and guarantors of the various scholarship schemes under the PSC has been minimal indicating that the loan recovery procedures implemented by the Commission have not been effective.
- (ii) An individual who was initially engaged as an expatriate consultant at the CWM Hospital and became a Fiji citizen thus relinquishing all terms, conditions, rights and privileges under his expatriate employment agreement. The officer is still occupying government quarters without paying any rent although advised by PSC in 2005 to vacate the government quarters. As at 31/12/07, he had accumulated rent arrears totalling \$87,340.

Office of the Attorney General

- (i) Promulgation 11 of 2007, which provides for the establishment of the Fiji Independent Commission Against Corruption (FICAC), exempted the Commission from public service financial regulations. In the absence of rules and regulations for the administrative and financial operations of the Commission, there is a risk of abuse.
- (ii) As reported in previous years, the requirements of the Public Enterprise Act with regards to submissions of plans and reports to the Minister for Public Enterprise and line Minister have not been complied with by most Government Commercial Companies and Commercial Statutory Authorities

Ministry of Provincial Development, Multi Ethnic and Indigenous Affairs

The Department of Provincial Development is unnecessarily maintaining funds in its Trust Fund Account, and this increases the risk of fraud and misappropriation as proper reconciliations are not carried out on a regular basis. The balance of the trust funds as at 31/12/07 amounted to \$2.02 million and the major component is the one third contributions received from the public for housing assistance under the Rural Housing Scheme. The Ministry was not allocated any funds in 2007 for the scheme.

Ministry of Defense and Immigration

- (i) The Department of Immigration collects substantial revenue from fees for passport, visa and citizenship applications. Inadequate supervisory checks on the receipting and banking of revenue have resulted in a possible fraud and misappropriation of revenue.
- (ii) The Department lacks the capacity to expedite the removal of individuals identified to be staying illegally in the country. As a result, they were able to exploit loop holes in the immigration laws, and continued to reside in the country until they become Fiji citizen by naturalisation.

Ministry of Labour

- (i) The substantial workmen's compensation claims that are still outstanding have provided a challenge for the Ministry. Moreover, the high number of workmen's compensation claims and

payments made to civil servants indicate that most work environment in government ministries and departments may not be OHS compliant.

- (ii) The payments of compensations to military officers for injuries sustained from playing rugby appear to be unrelated to work and an officer who was paid this compensation is still paying rugby for the RFMF and the Suva Rugby Team.

Ministry of Foreign Affairs

Fiji Missions overseas have not always complied with the *Diplomatic and Consular Services Regulations 2005* regarding payments of allowances and other expenditures. A former Consular General that had received fortnightly deductions of FNPF contributions and PAYE amounting to \$54,766 has not remitted the funds to the relevant authorities. The issue was also raised in the 2006 Auditor General's Report.

Elections Office

- (i) Computers and mobile phones purchased for the 2006 general elections have been misplaced.
- (ii) Monthly reconciliations for Revolving Fund Accounts and Trust Fund Accounts have not been performed since the implementation of the Financial Management Information System of government in 2005.

Judicial

- (i) Trust fund reconciliations for Judicial Department have only been updated to July 1999, more than 9 years delay. The delay in updating the reconciliations of the trust fund accounts has been reported to Parliament on a number of occasions. According to the Financial Management Information System of government, the closing balance of the Trust Fund accounts as at 31/12/07 totaled \$6,956,748.
- (ii) The arrears of revenue for the Department as at 31/12/07 totaled \$9,487,238 and have been increasing steadily over the years, indicating that recovery procedures have not been effectively carried out by the relevant authorities. The execution of warrants for court fees and fines is the responsibility of the Police Department, which does not always have the resources to effectively carry out this role.

Legislature

Procedures for purchases and payments have not been complied with resulting in over-expenditures of \$276,259 in 2007. The Department incurred substantial telecommunication expenses, which did not commensurate with the reduced operations in 2007.

Office of the Ombudsman

Monthly reconciliations for Revolving Fund Accounts and Trust Fund Accounts have not been performed since the implementation of the Financial Management Information System of government in 2005.

Ministry of Justice and Prisons

- (i) The Office of the Official Receiver is unnecessarily maintaining funds in its trust fund accounts, which should have been paid out after the liquidation of companies.

- (ii) The current work environment for Prison Officers does not comply with requirements of the Health and Safety at Work Act.

Ministry of Information and National Archives

A senior officer of the Department who resigned in 2007 was overpaid salaries amounting to \$4,129. In addition, the officer owes government \$14,276 for failing to fully serve her bond on returning from a one year study leave.

Royal Fiji Military Forces

- (i) The RFMF continued to ignore policies and procedures in government financial rules and regulations which resulted in the over expenditures of \$45.5 million in 2007. Although Cabinet has approved the over-expenditures, the Minister of Finance failed to validate the over-expenditures, and funds were not deployed to the budgetary allocation for RFMF to off-set the amount that had been overspent.
- (ii) As have been reported in previous audit reports, the RFMF continued to make payments for goods that were not delivered or received. From example, the Force paid \$5.3 million in 2007 to Lotus Garments, Deluxe Footwear, Daewoo Ltd, Lala Bargain and Crown Imports but the items were delivered in 2008.
- (iii) The RFMF continued to purchase fresh vegetables, root crops, and meat from suppliers other than those approved by the Major Tenders Board.
- (iv) The RFMF purchased excessive quantities of vaccines for the George Mate Medical Centre, for which the centre lacks storage facility at its pharmacy. Some drugs have expired their use dates.

Police

- (i) Overall, the Force incurred an over-expenditure of \$3.6 million. The absence of adequate supervisory checks and the lack of communication and coordination between the various Sections and Divisions within the Force have resulted in the numerous overpayments of salaries, wages and allowances to various officers. In addition, the Force has not been stringent in implementing audit recommendations to recover the substantial amounts of overpayments of salaries, wages and allowances identified in previous years' audits.
- (ii) The Force did not provide for audit payment vouchers and supporting documents for expenditures totaling \$3.6 million.
- (iii) As have been reported in previous years, the Force did not always comply with its policies and procedures regarding the administration and maintenance of court exhibits and exhibit records. As a result, issues such as missing exhibits, exhibits not recorded in the Exhibit Register and deteriorating condition of Exhibit Rooms and actual exhibits in various Police Stations have continuously been highlighted in the Auditor General's Report.

Ministry of Finance

- (i) The ministry does not have a formal agreement with the Crown Agents Bank in respect of payments to pensioners who reside in the United Kingdom, United States and Canada. The payments average of \$1.1 million annually.
- (ii) There is no contract agreement between the ministry and grant recipients. No reconciliation was being prepared for centrally managed trust fund, resulting in a variance of \$8.7 million. There

was also a continuous operation of this fund as at 31/12/07, contrary to Finance Circular 21/2006.

- (iii) A variance of \$6,074,783 was noted in the Chinese Government Aid between Prime Minister's records and the general ledgers.
- (iv) An excess expenditure by the RFMF amounting to \$1,109,257 was charged to Head 50 Miscellaneous Services under General Reserve and not reflected in the RFMF's record. An additional Out of Court Settlement totaling \$84,000 was met from Head 50 instead of a RFMF allocation.
- (v) The move of the government's accounting from cash basis towards accrual has not been clearly outlined or planned as the policies and guidelines together with capacity building for accounting staff are still lacking.
- (vi) Considerable length of time was taken to communicate surcharge decisions to the officers concerned. The rate of recovery applied is less than \$50 and the recovery period has exceeded five years.
- (vii) 817 vehicle accident cases, totaling \$1,606,252 are yet to be resolved since the Solicitor General's advice are yet to be received. The Vehicle Control Unit did not consistently follow up on their submissions to the Solicitor General's Office to impose surcharge penalties.

Ministry of Health

- (i) Wages reconciliations were not submitted by 17 stations of the Ministry. This indicates a lack of internal control on the payment of wages to workers in the districts and which may result in irregular payments.
- (ii) A Senior Assistant Health Inspector went on study leave on full pay from 2003 to 2007 without approval. Total salary overpaid to her amounted to \$65,556 has not been recovered as the officer resigned in February 2008.
- (iii) Public funds totaling \$1,623,657 have been paid between 2002 and 2007 as *negligence* payments. While there is a Code of Conduct for Medical Officers in the service, it is evident that this is not being strictly followed.
- (iv) The Ministry's garage was poorly managed resulting in the following: (i) many of the tools and equipments purchased by the Ministry were missing; (ii) about 80% of repairs of the Ministry's fleet in the central/eastern division were repaired at private garages which over the last 3 years cost the Ministry \$1,119,389; (iii) the Ministry failed to take actions on the head mechanic, in-charge of the Tamavua garage even after complaints had been lodged against him.
- (v) Examination of drug records at the Fiji Pharmaceutical Service revealed that expired drugs to the value of \$671,645 were still held in 2007. This indicates that no control is in place to monitor and coordinate the ordering and distribution of drugs in the country, resulting in substantial losses through expired drugs.
- (vi) Out of the total balance of \$7,481,525 held in the Trust Fund Account, a total of \$6,828,218 or 91% is in respect FNPF contributions. Normal monthly contribution amounts to \$600,000. The difference of \$6.2 million is being investigated.

Ministry of Local Government, Urban Development and Public Utilities

- (i) A laptop issued to the former Minister, Mr Jone Navakamocesa was reported missing when he left Office in February 2008. The theft was not reported to Police.
- (ii) Goods valued at \$114,652 were purchased without Local Purchase Orders.
- (iii) A Director with a vehicle contractor of the Water Department Western Division is employed as a Leading Hand by the Department. There is a conflict of interest and breach of the Public Service Regulations.

Ministry of Youth and Sports

Twelve sporting bodies which received cash grants from the Ministry did not submit acquittals of how the grants were used. In the absence of the acquittals, the Ministry is unable to assess whether the grants were used for the intended purposes.

Ministry of Women and Social Welfare

- (i) A project costing \$78,000 was approved for the poverty alleviation assistance to ex-prisoners out of which \$62,831 was used. The balance of \$15,169 was not accounted for.
- (ii) Some ex-prisoners who received assistance were paid twice in error. These cases arose from the inadequate internal controls in the Department.

Ministry of Commerce and Communication

The Government Handicraft Centre operates a trading and manufacturing account which has been incurring losses over the last 7 years.

Ministry of Lands and Mineral Resources

- (i) The Department made payment to Sky Pacific Limited for the installation of Sky Pacific at the former Interim Minister's Office. Additional payments were also made for the monthly subscription amounting to \$3,025 as at 31/12/07.
- (ii) The Crown Lease Act or the Department's Crown Lease Policy does not permit the charging of retrospective rent to lessees. The Department charged retrospective rents to the lessees due to the late reassessments carried by the Valuation Section or the late updating of the Lands System by the Accounts Section.
- (iii) The Public Service Commission approved the appointment of a mining consultant Mr. Filimoni Raibosa on the condition that an agreement would be signed between the former Interim Minister for Lands and Mineral Resources and the consultant. A sum of \$10,000 was paid to the mining consultant on 23/7/07 without a signed agreement.
- (iv) The Department paid Samabula Auto Traders for outstanding 2004 accounts from the 2007 budget provisions without properly verifying the correct status of the accounts. The local purchase order was issued in December 2007 but the supplier had provided services in 2004.

Ministry of Agriculture, Fisheries & Forest

- (i) The Ministry has not provided a Trust Account Statement of Receipts and Payments contrary to Finance Instructions 82(1). The Financial Management Information System as at 31/12/07 shows an overdrawn balance of \$512,485 in the Operating Trust Fund Account and a balance of \$499,791 in the Main Trust Account.
- (ii) There is a significant variance between the VAT records and the accounts as at 31 December 2007.
- (iii) The opening balances for various accounts in the Trading and Manufacturing activities including opening stock were not transferred to the new chart of accounts of the Finance Management Information System. The stock certificates as at 31/12/07 were not provided for audit.
- (iv) Ms. Mereani Rokotuibau (EDP 61353) is a Technical Assistant with the Ministry of Agriculture and was appointed on a South Pacific Commission project, and to receive supplementary salary of F\$8,283 or \$690.25 per month. Audit was not able to ascertain whether there were any consultations with the Public Service Commission for the additional remuneration received from South Pacific Commission.
- (v) Considerable amount of public funds were incurred on the Land Resettlement scheme for ALTA farmers and these Northern Division lots remained vacant to date. The total cost incurred was \$9,044,665

Ministry of Transport, Works & Energy

- (i) Officers were accommodating paying guests in government quarters at a rate of \$15/day or \$400/month without the approval of Public Service Commission
- (ii) A review of the department's debt recovery procedures indicated that there were no proper recovery measures in place to ensure prompt payments by shipping agents. As at 31 December 2007, arrears of revenue from light dues amounted to \$118,531.
- (iii) The vessel Adi Cagi ni Toba had not been utilised since it was taken over from Ministry of Fisheries and Forest and had been undergoing maintenance since 2002. Audit was not able to provide the cost of repairs and maintenance from 2002 to 2006.
- (iv) The Trading and Manufacturing Account (TMA) business plan for 2007 shows that cash flow forecasts for the year were anticipated to achieve profits of \$14,652 and \$405,684 in the Nasinu Starmix and Nasinu Quarry respectively. The Department failed to meet the set targets, showing poor performance of the TMAs.
- (v) Audit noted that the Lomolomo Crusher in Lautoka was not operational for 3 years, 2005, 2006 and 2007 due to the breakdown of the primary crusher jaw which caused hindrance on the ongoing patching and resealing works on Western Division roads.
- (vi) The Routine Maintenance Grading works for the Nadroga to Nadi area was awarded to National Bulldozing & Transport Co. Ltd for a sum of \$1,017,030 from 2006 to 2008. The company failed to carry out the work in the first cycle of 2006 and also did not carry out any work in the Nadi Depot area to date.
- (vii) Audit scrutiny of the financial performance of the TMAs within the Central/Eastern Division revealed huge losses in their operations in 2007.

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Section 1

Office of the President and Office of the Prime Minister

Programme Statement - Office of the President

The Office of the President for the Republic of Fiji was established in 1987 and is responsible for:

The Constitutional and Ceremonial roles of both the Head of State and the Vice-President, by taking a supporting role in the enhancement and promotion of National Reconciliation to bring unity among the different ethnic groups in Fiji.

Security Provision – close consultation and liaison with the Commander – Fiji Military Forces and the Commissioner of Police in the implementation of the Security Service; such services includes protection of life element, protection of premises (Government House) and Government properties, protection of Their Excellencies during internal and international travels.

Programme Statement - Office of the Prime Minister

The Office of the Prime Minister is responsible for:

The provision of secretariat services to the Prime Minister to facilitate his role and administrative support services as chair of the Cabinet and leader of the Government including the discharge of his statutory and policy responsibilities.

The implementation of Cabinet decisions by Government across Ministry and Departmental lines. Where there are conflicts over policy advice and opinions offered by different parts of the public sector, the Prime Minister's office facilitates consensus building as part of its policy coordination responsibilities.

The administration of Parliamentary Pension Allowance, the coordination of special assistance and affirmative action for indigenous Fijians/Rotumans and other minority groups and the provision of private and domestic services to the Prime Minister.

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CONSOLIDATED FINANCIAL STATEMENT

The Office of the President and the Office of the Prime Minister have not consolidated their financial statements as required.

OFFICE OF THE PRESIDENT

FINANCIAL STATEMENT

1.1 Audit Opinion

The audit of the 2007 accounts of the Office of President resulted in the issue of a qualified audit report.

The accounts were qualified for the following reasons:

- a) The Office of the President has not consolidated its financial statements with the Office of the Prime Minister as required.
- b) The financial statements were incomplete as Statements of Output Costs, a Statement of Losses and a Trust Fund Account Statement of Receipts and Payments were not submitted for audit contrary to Finance Instructions 82.

1.2 Statement of Receipts and Expenditures

The Office of the President incurred a total expenditure of \$1,533,061 in 2007 compared to \$1,659,477 in 2006.

Table 1.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue	0	0
Agency Revenue	0	0
TOTAL REVENUE	0	0
EXPENDITURES		
Operating		
Established staff	526,448	652,887
Unestablished staff	264,451	326,857
Travel & communication	245,056	284,168
Maintenance & Operations	193,948	190,864
Purchase of goods & services	46,914	28,526
Operating grants & transfers	0	0
Special expenditures	7,995	6,471
Total Operating Expenditure	1,284,812	1,489,773
Capital Expenditures		
Capital Purchases	0	16,661
Capital Grants & Transfers	0	16,326
Total Capital Expenditure	0	32,987
Value Added Tax	248,249	136,717
TOTAL EXPENDITURES	1,533,061	1,659,477

1.3 Appropriation Statement

The Office of the President incurred expenditures totalling \$1,533,061 in 2007 against the budget of \$1,662,300 resulting in a savings of \$129,239 or 8%.

Details of expenditures against the budget estimates are provided in Table 1.2

Table 1.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	561,600	0	561,600	526,448	0	35,152
2	Unestablished Staff	298,700	0	298,700	264,451	0	34,249
3	Travel & Communication	282,000	14,000	296,000	245,056	0	50,944
4	Maintenance & Operations	253,200	(10,000)	243,200	193,948	0	49,252
5	Purchase of Goods & Services	68,700	(4,000)	64,700	46,914	0	17,786
7	Special Expenditure	13,100	0	13,100	7,995	0	5,105
	Total Operating Costs	1,477,300	0	1,477,300	1,284,812	0	192,488
	Capital Expenditure						
9	Purchases	0	0	0	0	0	0
	Total Capital Expenditure	0	0	0	0	0	0

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
13	Value Added Tax	185,000	0	185,000	248,249	0	(63,249)
	TOTAL EXPENDITURE	1,662,300	0	1,662,300	1,533,061	0	129,239

AUDIT FINDINGS

1.4 Financial Statements

Commencing 2006 financial year, each annual report must include financial statements which have been prepared and signed in accordance with the Finance Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.¹

The draft financial statements must be submitted to the Auditor General by 31 March in the following year, or within such other time as agreed to with the Auditor General.²

The Office of the President submitted its Financial Statements for audit on 07/04/08 and was not prepared in accordance with Section 82 and Schedule 1 of the Finance Instructions 2005.

Recommendation

The Office should ensure that the requirements of the Finance Instructions are complied with regards to the preparation of the Financial Statements.

Management Comments

Management comments not yet provided.

1.5 Revolving Fund Account - Miscellaneous

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents.³ If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel.⁴

Upon clearance of the advance, the accounts officer shall update the debtors register, offset the advance account and debit the appropriate expenditure account.⁵

The Office failed to prepare monthly reconciliations of its Revolving Fund account in 2007 and audit could not substantiate the closing balances of the Revolving Fund account as reflected in the general ledger (FMIS) and Appendix 19 of the Accounts and Finance. The balance of the Revolving Fund accounts as at 31/12/07 amounted to \$165,507.18. Refer to Table 1.3 for details:

¹ Finance Instructions 2005 – 81 (2)

² Finance Instructions 2005 – 81 (3)

³ Justice Department – Finance Manual section 10.1.11

⁴ Justice Department – Finance Manual section 10.1.12

⁵ Justice Department – Finance Manual section 10.1.15

Table 1.3: Revolving Fund Account

Account No.	Account Name	Balance – 31/12/07
1-60000-00000-560000	Accounts Receivable	81,776.21
1-60000-00000-570000	Prepayments	83,730.97
Total		\$165,507.18

The non-preparation of reconciliation has been continuously raised in the audit reports over the years.

Recommendations

- **The Office should conduct its reconciliations regularly.**
- **The Office should seek the assistance of the Office of the Prime Minister and the Ministry of Finance in the preparation of reconciliations.**

Management Comments

Management comments not yet provided.

1.6 FNPf Reconciliation

Every employer shall pay to the Fund in respect of each of his/her employees, in every month during which such employee by him/her and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.⁶

A reconciliation of FNPf contributions against salaries and wages reported in the Financial Statements revealed variances as follows:

Table 1.4: FNPf Reconciliations

Description	\$
(a) Total FNPf against salaries and wages for 2007	
FNPf as per financial statement	49,534
Less: FNPf for December 2006	6,533
	43,001
Add: FNPf for December 2007	3,728
	46,729
Gross pay subject to FNPf (\$46,729 divided by 0.08)	584,112
(b) Salaries and wages for 2007 subject to FNPf:	
Salaries, wages and allowances as per financial Statement	740,569
Less: Salaries, wages and allowances not subject to FNPf	9,135
	731,434

⁶ Chapter 219 – Fiji National Provident Fund – Section 13 (1)
Office of the President and Office of the Prime Minister

Description	\$
Variance	147,322

The Office was unable to provide explanations for the FNPF that was not paid for salaries and wages totalling \$147,322.

Recommendation

The Office should review its FNPF records and reconciliations and provide explanations for the variances.

Management Comments

Management comments not yet provided.

OFFICE OF THE PRIME MINISTER

FINANCIAL STATEMENT

1.7 Audit Opinion

The audit of the 2007 accounts of the Office of the Prime Minister resulted in the issue of a qualified audit report.

The qualifications are as follows.

1. The Office of the Prime Minister has not consolidated its financial statements with the Office of the President as required.
2. The amounts in the Statements of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Office under each output.
3. The office has not provided the following contrary to Financial Instructions 82(1):
 - a Statement of Losses
 - a Trust Fund Account Statement of Receipts and Payments. The Financial Management Information System shows that the Office as at 31/12/07 has trust funds totalling \$8,172 and an overdrawn operating trust funds balance of \$40,138.

1.8 Statement of Receipts and Expenditures

The Office of the Prime Minister incurred a total expenditure of \$3,365,547 in 2007 compared to \$7,995,773 in 2006.

Table 1.5: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue		
Operating Revenue	609	35,646
Agency Revenue	0	0
TOTAL REVENUE	609	35,646
EXPENDITURES		
Operating		
Established staff	1,415,382	2,173,115
Unestablished staff	237,139	297,053
Travel & communication	209,713	260,561
Maintenance & Operations	106,623	141,064
Purchase of goods & services	11,062	17,265
Operating grants & transfers	1,023,060	1,936,621
Special expenditures	155,400	1,620,489
Total Operating Expenditure	3,158,379	6,446,168
Capital Expenditures		
Capital Purchases	0	0
Capital Grants & Transfers	108,767	1,044,849
Total Capital Expenditure	108,767	1,044,849
Value Added Tax	98,401	504,756
TOTAL EXPENDITURES	3,365,547	7,995,773

1.9 Statement of Output Costs

The Statement of Output Costs consolidates the 6 outputs prescribed in the Budget Estimates. These are detailed in *Appendix 1.1*.

1.10 Appropriation Statement

The Office of the Prime Minister incurred expenditures totalling \$3,365,547 in 2007 against the budget of \$5,643,000 resulting in a savings of \$2,277,453 or 40%.

Details of expenditures against the budget estimates are provided in Table 1.6.

Table 1.6: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes (Note 4) \$	Revised Estimate \$	Actual Expenditure \$	Carry- Over \$	Lapsed Appropriation \$
1	Established Staff	1,596,079	0	1,596,079	1,415,382	0	180,697
2	Unestablished Staff	344,683	0	344,683	237,139	0	107,544
3	Travel & Communication	291,800	0	291,800	209,713	0	82,087

SEG	Item	Budget Estimate \$	Changes (Note 4) \$	Revised Estimate \$	Actual Expenditure \$	Carry-Over \$	Lapsed Appropriation \$
4	Maintenance & Operations	144,900	0	144,900	106,623	0	38,277
5	Purchase of Goods & Services	9,952	0	9,952	11,062	0	(1,110)
6	Operating Grants & Transfers	1,561,233	0	1,561,233	1,023,060	0	538,173
7	Special Expenditure	243,120	0	243,120	155,400	0	87,720
	Total Operating Costs	4,191,767	0	4,191,767	3,158,379	0	1,033,388
	Capital Expenditure						
10	Grants & Transfers	1,123,233	0	1,123,233	108,767	0	1,014,466
	Total Capital Expenditure	1,123,233	0	1,123,233	108,767	0	1,014,466
13	Value Added Tax	328,800	0	328,800	98,401	0	230,399
	TOTAL EXPENDITURE	5,643,800	0	5,643,800	3,365,547	0	2,278,253

1.11 Statement of Losses

The Office did not report any losses of money or fixed assets during the financial year ending 31/12/07

1.12 Trust Account Statement of Receipts and Payments

The Office of the Prime Minister received \$7,878,969 in grant from the Government of the Republic of China, of which \$1,227,229 was utilised in 2007 for various projects selected by the Office.

Table 1.7: Trust Account Statement of Receipts and Payments for 2007 – Chinese Grant

Description	2007 (\$)
RECEIPTS	
Grants (Chinese Government)	7,878,969
Other Receipts	30,122
Total Receipts	7,909,091
PAYMENTS	
Thomas Baker Memorial School – Construction of the school building project	151,539
Nakini/Natoaika Roading Project - 1st and 2nd Installment payment	630,000
Navuso Linking Bridge	75,000
Nukurua/Vatukarasa Road Upgrading Project	218,744
Ratu Sauvoli Memorial School – Renovation of Classrooms	95,831
Nabitu District School – Construction of Ablution Blocks for Teachers Quarters.	35,500
Air Fares	16,344
Resident Withholding tax	4,271
Total Payments	1,227,229
CLOSING BALANCE	6,681,862

AUDIT FINDINGS

1.13 Financial Statements

Commencing 2006 financial year, each annual report must include financial statements which have been prepared and signed in accordance with the Finance Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.⁷

The draft financial statements must be submitted to the Auditor General by 31 March in the following year, or within such other time as agreed to with the Auditor General.⁸

The Office of the Prime Minister submitted its Financial Statement for audit on 02/04/08 and was not prepared in accordance with section 82 and Schedule 1 of the Finance Instructions 2005.

Recommendations

The Office should ensure that the requirements of the Finance Instructions are strictly followed in the preparation of its Financial Statements.

Management Comments

Management comments not yet provided.

1.14 Revolving Fund Account

The Accounts Officer must promptly follow up accounts that fall due. If recovery is unsuccessful after one month, the following actions shall be taken:

- i) No further credit shall be extended to the debtor;
- ii) A demand notice shall be sent to the debtor after his/her debt has been overdue for more than one month;
- iii) If the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.⁹

Variances of \$6,399.22 and \$7,323.47 were noted in the Employee Advances and Prepaid Expenses Revolving Fund Accounts respectively when compared with the balances reflected in the general ledger (FMIS). Refer to the Table below for details:

Table 1.8: Revolving Fund Account

Allocation	FMIS Balance (\$)	Department Balance (\$)	Variance (\$)
1-01101-01999-560302	91,768.28	98,167.50	6,399.22
1-01101-01999-570101	32,640.27	39,963.74	7,323.47

The above imply that monthly reconciliations have not been properly checked by the Senior Accounts Officer.

⁷ Finance Instructions 2005 – 81 (2)

⁸ Finance Instructions 2005 – 81 (3)

⁹ Finance Manual-Office of the Prime Minister 2005. Section 9.2.1

Recommendations

- The Office should immediately reconcile the variances noted in the two records in order to reflect the correct Trust Fund Account balance for future reconciliations.
- The Office should prepare reconciliation monthly and ensure that supervisory checks are regularly carried out.

Management Comments

Management Comments not provided.

1.15 Drawings Account

Complete reconciliation shall be effected on each occasion when a bank statement is obtained and a reconciliation statement detailing unreceipted deposits and unpresented cheques, shall be completed on or attached to the bank statement.¹⁰

The closing balance of the Drawings account reconciliation for December did not correspond with the general ledger balance. A variance of \$102,126 was noted between the two records. Refer to the Table below for details.

Table 1.9: Details of Variance

Allocation	FMIS Balance (\$)	Department Balance (\$)	Variance (\$)
1-01201-61999-530301	522,106.51	624,232.77	102,126.26

Variances between the two records have been noted from the reconciliation for the month of September. The above anomaly indicates the lack of supervisory checks on the monthly reconciliations prepared by the Accounts Section.

Recommendations

- Variances noted between the monthly Drawings reconciliations and the general ledger should be investigated and adjusted accordingly.
- To minimise the risk of errors, monthly reconciliations carried out by Accounts staff should be thoroughly checked by the Senior Accounts Officer.

Management Comments

Management Comments not provided

1.16 Non-Refund of Overpaid Per Diem Allowance

The per diem is a daily subsistence allowance intended to meet the expenses, other than for major travelling, which an officer actually and reasonably incurs on accommodation, meals, laundry, minor travelling, room service, portage, telephone, service charges, gratuities, airport tax and other

¹⁰ Financial Instructions (1982) section (91(2))

payments made for personal services rendered. The rates are based on current UN rates with a 10% loading for Permanent Secretaries.¹¹

Where the host country/organisation or an external agency pays for accommodation only, the Commission will consider authorising a reduced per diem of 20% of the UN rate to cater for meals and other incidentals.¹²

The Permanent Secretary and the Director Development Cooperation & Facilitation Division attended the Fiji/China Trade & Economic Consultation in Beijing, China from 29/08 - 03/09/07. The officers received full per diem allowances although all in-country costs were met by the host country.

The Director Development Cooperation & Facilitation Division failed to refund the portion of per diem allowance overpaid to him which amounted to \$1,636, on returning from the official trip.

The above anomaly indicated the inadequate supervisory checks in the Accounts Section to ensure that per diem allowances are paid according to the policies set out by the Public Service Commission.

Recommendation

The overpaid per diem allowances of \$1,636.28 should be immediately recovered from the Officer.

Management Comments

The officer highlighted is currently suspended by PSC; recovery will be made on resumption of duties.

1.17 Outstanding Accountable Advances

All accountable advances should be cleared or accounted for within seven days of arrival from official duty and no advances should be given to an officer until all previous accountable advances have been accounted for. If the advances have not been cleared within seven days, then the outstanding amount together with 12 % interest should be recovered from the officer's salary.¹³

The Office has yet to fully recover accountable advances paid to various officers in 2006. These were highlighted in the 2006 audit report. Refer to the table below for details:

Table 1.10: Outstanding Accountable Advance

Name	Date	Amount Advanced (\$)	Amount Cleared (\$)	Amount Outstanding + Interest (\$)	Purpose
Pene Nonu	13/09/05	20,000.00	14,641.72	6,001.27	Attend UNGA meeting in New York from 13/9 - 19/9/05.
Sakiasi Ditoka	04/09/06	15,000.00	2,438.00	14,069.44	Advance to cover meals/ accommodation for Hon. PM to Australia from 6/9 - 10/9/06.
Sakiasi Ditoka	04/09/06	309.09	NIL	346.18	Per-Diem Allowance to

¹¹ PSC Circular No. 9/96(1)

¹² PSC Circular No. 9/96(3)

¹³ Finance Circular 22/85

Name	Date	Amount Advanced (\$)	Amount Cleared (\$)	Amount Outstanding + Interest (\$)	Purpose
					Australia from 6/9 - 10/9/06
Sakiasi Ditoka	15/09/06	25,000.00	2,697.73	24,978.54	Advance to cover meals/ accommodation for Hon. PM and his Cabinet team to Tonga from 18/9 -19/9/06.
Setaita Natai	15/09/06	305.86	NIL	342.56	Per-Diem Allowance to Tonga from 18/9 - 19/9/06.
Pita Toga	15/09/06	305.86	NIL	342.56	Per-Diem Allowance to Tonga from 18/9 - 19/9/06.
Pene Balenabuli	05/10/06	12,000.00	4,525.00	8,372.00	Advance to cater for meals/ accommodation for Hon. PM in Brisbane, Australia from 6/10 - 10/10/06.
Sakiasi Ditoka	28/11/06	12,000.00	5,300.00	7,504.00	Prime Minister's trip to New Zealand from 28/11/06.

The issue on accountable advances has been continuously raised in the audit report but there has been no improvements over the years.

Recommendations

- **Interest should be charged on all outstanding advances and advances that are not cleared within 7 days of returning to the station.**
- **Outstanding accountable advances for officers that are currently employed with the Office should be recovered through direct salary deductions.**
- **The Office should ensure that previous accountable advances are cleared before paying another advance.**

Managements Comments

The late clearance of advance for 2007 was due to respective officers' inability to clear their Accountable Advances on time, despite the statutory requirement that clearances must be done "within 7 days on return to station". As for the 2005 & 2006 late clearances, Mr Sakiasi Ditoka had lost all the original receipts and Pene Balenabuli was given ample time and reminded a number of times but has made no effort to clear advances within the same year.

The documents from the two officers concerned was finally obtained in December 2007 and emailed to Ms Sereima Bulouniwasa of the Ministry of Finance (Budget Division) about the late clearance. Unfortunately this was not accepted. The clearance with declarations as per attached copy of email is still with our office, since Mr. Ditoka is no longer in employment.

As per requirement, Advances have not been issued to officers who have not cleared previous advance for local trips, except for the Hon. Prime Minister's overseas trip. The Department admits that it has not been recovering outstanding advance from officers' salary on the understanding that they would comply with standard rules and regulations to clear on time, when they have all necessary documents on hand to do so.

1.18 Chinese Government Grant – Acquittal Reports

Acquittals for assistance should be provided by the recipient communities or organisations following delivery, to comply with the requirements of the Financial Management Act 2004 and Regulations.¹⁴

¹⁴ Interim Government Paper (07) Cabinet Memorandum Section 5.5

In 2007, the government received a \$7.8 million grant from the Government of the People's Republic of China to be used at the discretion of the Prime Minister. The grant was approved by the Ministry of Finance to be maintained in a separate bank account as a trust fund. The Ministry of Finance also directed procedures to be followed in maintaining the accounts. The trust fund is managed by a Steering Committee consisting of the following:

- Permanent Secretary – Office of the Prime Minister
- Permanent Secretary – Works and Energy
- Permanent Secretary – Provincial Development
- Permanent Secretary – Finance and National Planning
- Permanent Secretary – Commerce
- Permanent Secretary – Foreign Affairs
- Deputy Secretary – Office of the Prime Minister

On 22/05/07, Cabinet approved the utilisation of the grant to finance the construction and upgrading of rural roads and other rural projects.

A total of \$1 million was utilised in 2007 for various projects. Scrutiny of the records of projects funded from the Chinese grant indicated that instalment payments were not fully acquitted before payments of subsequent instalments were made. Refer to the Table below for details:

Table 1.11: Grants not fully acquitted

Project Name	Date	PV No.	Payee	Amount (\$)	Remarks
Thomas Baker Secondary School - Building Project <i>Project Cost - \$151,539</i>	09/07/07	26	RFMF Engrs Unit	31,539.00	Only \$39,627.50 was acquitted.
	09/07/07	27	RFMF Engrs Unit	48,000.00	
	Navuso Linking Bridge <i>Project Cost -</i>	29/10/07	29	PS – Transport WE	30,000.00
	31/12/07	44	DNR	45,000.00	
Nakini/Natoaika/ Delaidamu, Naitasiri Roading Project. <i>Project Cost: \$881,646</i>	29/10/07	28	PSTWE	450,000.00	Only \$392,080 was acquitted.
	11/12/07	31	PSTWE	180,000.00	Only \$137,815 was acquitted.
	Nukurua/Vatukarasa Road Upgrading <i>Project Cost: \$3,127,400</i>	11/12/07	32	Viti Vanua Holdings	80,750.00
	31/12/07	40	Viti Vanua Holdings	109,355.56	
Nabitu District School, Tailevu <i>Project Cost - \$57,500</i>	14/12/07	37	RFMF Engrs. Unit	8,300.00	Not Accounted for in detail in the Phase One Progress Report.
Ratu Sauvoli Memorial School, Rewa. <i>Project Cost - \$151,267</i>	18/12/07	34	RFMF Engrs. Unit	23,678.83	Not Accounted for in detail in the Phase One Progress Report.
Total				\$1,006,623.39	

Although the Cabinet and the Ministry of Finance have given directives on how the grant is to be utilised and managed, audit is of the view that the directives are too broad. Given the significant amount involved, it is imperative that a Procedure Manual is developed specifying procedures and clearly defining the responsibilities of those involved in the administration and management of the grant.

Grant recipients and grant administrators each has a role in achieving the grant scheme's objectives and should be accountable for the way in which they fulfil their roles. In the absence of a Procedure Manual, it would be difficult to hold officers accountable for any discrepancies that may arise.

It is essential that acquittal arrangements are clearly defined and effectively implemented.

Recommendations

- **Acquittals provide assurance that grant conditions are complied with as such the Office should vigorously monitor the utilisation of funds disbursed to those implementing projects by demanding the submission of acquittals before releasing subsequent payments.**
- **The Office should specify the format the acquittals and progress reports and when they should be submitted.**

Management Comments

Thomas Baker Secondary School Building Project

The construction of the school building is still in progress. Road leading to the school was adversely affected in the first quarter of 2008 due to heavy rain. Materials could not be transported to the site; therefore, work on the school was delayed. Consequently, funds released have not been fully utilized and the RFMF Engineers have not been able to acquit these funds to date. Acquittals would be submitted when more materials have been purchased.

Navuso Linking Bridge

Funds released were for the preparatory works on the site. Auditor's recommendations are noted and full acquittals from Ministry of Works will be followed up immediately.

Nakini/Natoaika/Delaidamanu Road

Department of National Roads has just submitted their report ending 30th April 2008 which was received by the Prime Minister's Office on Friday, 16th May, 2008. The Report includes the physical as well as the financial progress of the project. Road upgrading is still in progress and funds will be acquitted when utilized.

Nukurua/Vatukarasa Road

Viti Vanua Holdings in the submission of their claims for the next payment always include a progress report and a certificate issued by the Divisional Engineer Roads after site inspection. The certificate is their form of acquittal to confirm that the work carried out reflects the true value of the funds released. Department of National Roads have their established format for acquitting funds and they have submitted these. Interim Certificates on work carried out are all contained in the file.

Nabitu District School, Tailevu

Remarks by the Auditors are acknowledged. Work on the school is in progress and funds would be acquitted once used.

Ratu Sauvoli Memorial School, Rewa

Remarks by the Auditors are acknowledged. Work on the school is in progress and funds would be acquitted once used.

1.19 Taiwanese Grant – Expenditures not related to Community Based Project

In a Cabinet Decision dated 10/04/07, Cabinet agreed to the proposed guideline for the use of Small Grant Scheme. The Small Grant Scheme to continue to be used to fund community based projects, submitted by various communities and organisations to the Government for assistance. Community-based projects to be assisted should focus mostly on:

- education assistance to schools;
- water and electricity supply;
- village & settlement development projects;
- women's projects;
- sanitation for community facilities in village & settlements; and
- income generating projects¹⁵

In the 2007 budget, the Office was allocated \$1.6 million for the Small Grant Scheme which included \$1.1 million from the Taiwanese grant.

Audit noted that various payments were charged to the budgetary allocation for the Small Grant Scheme that was not related to community-based projects. Refer to the Table below for examples:

Table 1.12: Expenditures not related to Community Based Projects

Date	PV No.	Amount (\$)	Particulars
11/06/07	26502	6,400.00	Payment of air tickets in 2006.
11/06/07	26503	8,358.02	Payment of Government's press releases in 2006.
15/06/07	26549	3,724.52	Payment of Government's press releases in 2006.
15/06/07	26550A	3,958.58	Payment for supply of fuel for the month of April, 2007.
15/06/07	26550B	1,110.39	Payment for supply of fuel for the month of April, 2007.
15/06/07	26551	9,000.00	Payment for services rendered in 2006.
19/06/07	26555	4,000.00	Payment of printing 1000 copies of Mataivalu Newsletter for the month of Feb-Mar, 2007 issue.
19/06/07	26565	4,495.50	Payment of Government's press releases in 2006.
03/07/07	26766	1,750.00	Payment of freight services for 2006.
03/07/07	26767	425.25	Payment of Government's press releases in 2006.
03/07/07	26768	871.75	Payment of printing for 2006.
03/07/07	26769	99.90	Payment of Government's press releases in 2006.
12/07/07	26891	475.00	Payment of Registration fees for a Mr Epeli Rabuka.
16/07/07	26918	4,000.00	Payment for printing Mataivalu News for April-May, 2007 issue.
07/08/07	27173	4,813.14	Payment for overall maintenance of Cabinet's Office photocopying machine.
28/08/08	27463	179.99	Payment of Accommodation.
04/09/07	27547	6,592.05	Payment for the supply of Networking Equipments for 3 rd floor, New Wing Government Bldg.
07/09/07	27574	4,000.00	Payment for printing Mataivalu Newsletter for June-July, 2007 issue.
07/09/07	27571	455.00	Payment of Government's press releases in 2006.
26/10/07	28246/A	2,893.00	Payment for servicing all air conditioning units at PMO.
26/10/07	28246/B	3,120.00	Payment for servicing all air conditioning units at PMO.
07/11/07	28364	12,500.00	Payment of 1 st instalment of consultancy fee on NCBBF for Nov-Dec, 2007.
15/11/07	28490	1,540.00	Expenses for the PM's official visit to Teci Village in Yasawa from

¹⁵ Interim Government Cabinet Paper (07) Cabinet Memorandum 5.3

Date	PV No.	Amount (\$)	Particulars
15/11/07	28493	8,316.00	16/11 – 18/11/07
19/11/07	28522	1,760.00	Payment for shampooing Cabinet Chambers.
23/11/07	28651	1,518.30	Payment for supply of stationeries
23/11/07	28652	3,276.00	Payment for supply of Cabinet papers
30/11/07	28747	1,478.40	Payment of Government's press releases in 2006.
30/11/07	27478	2,197.80	Payment of Government's press releases in 2006.
13/12/07	28974	2,004.20	Payment for the supply of New Air Condition Unit at 4 th floor, New Wing Building
14/12/07	28994	12,500.00	Payment of 2 nd instalment of consultancy fee on NCBBF for Nov-Dec, 2007.
20/12/07	29116	4,000.00	Payment for printing Mataivalu Newsletter.
Total		\$121,812.79	

The above expenditures were related to commitments made by the Office in 2006 and 2007 for which respective budgetary allocations had been exhausted.

Incurring expenditures on the Small Grant allocation other than that related to community-based projects is a breach of the Cabinet Decision.

Recommendations

- The budget allocation for the Small Grants Scheme should be used only for the purpose it was intended.
- Expenditures charged to the Small Grants allocation but not related to funding of community-based projects should be adjusted to the correct allocations.

Management Comments

The Department utilized the SGS funds for other purposes apart from the community based projects, since the decision [IGCP907]144 in clause (2) states that, proposed guidelines for the use and focus of the SGS remain as the practice from the previous years which funds are being sourced from the Taiwan Grant for 'support funds for the Prime Minister's Office under the following allocations [Communications/Public Relations Consultancies/Office Operational Requirements & Staff Training & Development].

The Department had requested the Ministry of Finance for the release of funds from the Taiwanese Grant in late 2006, to meet such expenses relating to operational requirements for the Department. The funds were not released until mid 2007, therefore funds were being diverted towards meeting such commitments.

Appendix 1.1 – Statement of Output Costs

General Administration

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	1,205,782	1,525,735
Unestablished staff	209,922	247,843
Travel & communication	180,913	226,991
Maintenance & Operations	96,546	99,882
Purchase of goods & services	9,735	3,359
Operating grants & transfers	1,023,060	1,936,621
Special expenditures	27,632	6,626
Total Operating Costs	2,753,590	4,047,037
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	108,767	1,044,849
Total Capital Expenditure	108,767	1,044,849
Value Added Tax	78,309	223,620
TOTAL EXPENDITURES	2,940,666	5,315,506

Cabinet Office 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	209,600	211,841
Unestablished staff	27,217	27,442
Travel & communication	18,800	18,961
Maintenance & Operations	20,077	31,675
Purchase of goods & services	1,327	803
Operating grants & transfers	-	-
Special expenditures	127,768	132,479
Total Operating Costs	404,789	423,201
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	-	-
Value Added Tax	20,092	54,300
TOTAL EXPENDITURES	424,881	477,501

Section 2 **Public Service Commission**

Programme Statement

The purpose of the Public Service Commission is to promote service delivery in the public sector. To achieve this, PSC has the statutory powers to review the machinery of Government in order to ensure its efficiency and effectiveness in fulfilling Government's public sector management objectives. The PSC also has powers to be the central personnel authority.

In facilitating the productivity of the civil service, a major job evaluation exercise was effected from 2004.

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FINANCIAL STATEMENT

2.1 Audit Opinion

The audit of the 2007 accounts of the Public Service Commission resulted in the issue of a qualified audit report.

The qualifications are as follows:

- The Commission has not provided a Trust Fund Account Statement of Receipts and Payments contrary to Finance Instructions 82(1). The Financial Management Information System shows that the Commission as at 31/12/07 has operating trust funds totalling \$315,903.
- The amounts in the Statements of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Commission under each output.

2.2 Statement of Receipts and Expenditures

The Commission incurred total expenditures of \$10,829,115 in 2007 compared to \$9,749,706 in 2006. Refer to Table 2.1 for details.

Table 2.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue	359,709	390,688
Agency Revenue	0	50
TOTAL REVENUE	359,709	390,738
EXPENDITURE		
Operating Costs		
Established Staff	3,723,736	3,726,782
Government Wage Earners	194,085	214,187
Travel & Communications	274,147	521,603
Maintenance & Operations	147,545	206,098
Purchase of Goods & Services	40,443	59,637
Operating Grants & Transfers	4,824,946	3,746,768
Special Expenditure	851,760	695,342
Total Operating Cost	10,056,662	9,170,417
Capital Expenditure		
Capital Purchase	266,120	0
Total Capital Expenditure	266,120	0
Value Added Tax	506,333	579,289

Description	2007 \$	2006 \$
TOTAL EXPENDITURE	10,829,115	9,749,706

2.3 Statement of Output Costs

The Statement of Output Costs was grouped into 6 outputs whereas the Budget Estimate prescribed 7 outputs. These are detailed in Appendix 2.1.

2.4 Appropriation Statement

The Public Services Commission incurred expenditures totalling \$10,829,115 in 2007 against the budget of \$12,197,286 resulting in a savings of \$1,368,171 or 11%.

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

Table 2.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	4,202,522	0	4,202,522	3,723,736	0	478,786
2	Unestablished Staff	247,027	0	247,027	194,085	0	52,942
3	Travel & Communication	323,376	0	323,376	274,147	0	49,229
4	Maintenance & Operations	181,146	0	181,146	147,545	0	33,601
5	Purchase of Goods & Services	79,415	0	79,415	40,443	0	38,972
6	Operating Grants & Transfers	5,161,100	0	5,161,100	4,824,946	0	336,154
7	Special Expenditures	920,000	0	920,000	851,760	0	68,240
	Total Operating Costs	11,114,486	0	11,114,486	10,056,662		1,057,824
	Capital Expenditure						
9	Capital Purchase	300,000	0	300,000	266,120	0	33,880
	Total Capital Expenditure	300,000	0	300,000	266,120	0	33,880
13	Value Added Tax	782,800	0	782,800	506,333	0	276,468
	TOTAL EXPENDITURE	12,197,286	0	12,197,286	10,829,115	0	1,368,271

AUDIT FINDINGS

2.5 Agency Financial Statements

Commencing 2006 financial year, each annual report must include financial statements which have been prepared and signed in accordance with the Finance Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.¹

¹ Finance Instructions 2005 – 81 (2)
Public Service Commission

The draft financial statements must be submitted to the Auditor General by 31 March in the following year, or within such other time as agreed to with the Auditor General.²

The Commission submitted its Financial Statements for audit on 07/04/08 and was not prepared in accordance with of Section 82 and Schedule 1 of the Finance Instructions 2005.

The following discrepancies were noted:

- The Commission has grouped its expenditures into 6 Statements of Output Costs whereas the Budget Estimates prescribes 7 outputs. The amounts in the Statements of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Commission under each output.
- The Commission failed to prepare and submit a Trust Fund Account Statement of Receipts and Payment as required.

The financial statements have not complied with the Finance Instructions.

Recommendation

The Commission should ensure that the requirements of the Finance Instructions are complied with regards to the preparation of the Financial Statements.

Management Comments

The grouping of statement of output was actioned by the Ministry of Finance.

2.6 Audit Follow-Up - Cost Sharing Scheme

The Fiji Government Scholarship operates on a cost sharing system where the Government contributes two-thirds (2/3) and the student or guardians contributed one-third (1/3) of the total cost of training.

Students and guarantors are given three options as follows:

- the student or the guarantors to pay the whole amount of this one third at the beginning of each academic year;
- the students or guarantors to pay ten (10) equal instalments of the one third amount within each academic year;
- the students to take interest free loan from government of this one third amount and repay this loan at the end of their studies and upon resumption of employment.³

In almost all occasions, students who are awarded scholarships opt for the third option where the government will pay all fees and allowances at the outset and the 1/3 contribution by the student is treated as an interest free loan which will be repaid at the end of their studies and on commencement of employment.

Reliance is placed with scholarship awardees to inform the Unit of their employment status within 3 months after graduating. Whilst those employed in the Civil Service can be easily identified for

² Finance Instructions 2005 – 81 (3)

³ PSC Scholarship and Student Loan Scheme 2004 Handbook, page 11

repayment of loans, audit noted that there is no mechanism in place for the Scholarship Unit to adequately monitor the employment status of those graduates entering the Private Sector in order to successfully recover the loans.

A follow-up on the student loans for a number of institutions as at 31 December 2006 and as previously reported revealed that the recovery of loans have been very minimal. The Scholarship Unit has yet to initiate recovery of substantial amount of outstanding student loans from either the awardees or the guarantors. Refer to Table 2.3 for details:

Table 2.3: Cost Sharing Scheme – Student Loans

Institutions	Balance Outstanding as at 31/12/06 (\$)	Balance Outstanding as at 31/12/07 (\$)	Variance (\$)	Variance (%)
University of the South Pacific	273,689.00	271,757.68	1,931.32	0.7%
Fiji Institute of Technology	10,760.50	7,960.50	2,800.00	26%
Fiji College of Advance Education	820,800.00	789,824.40	30,976.00	4%
Lautoka Teachers College	652,729.00	652,729.00	-	-
Corpus Christi Teachers College	51,237.00	51,237.00	-	-
Fiji College of Agriculture	62,590	62,513.70	76.30	0.1%

The low repayments of loans made in 2007 and the high amount of outstanding loans from the scholarship cost-sharing scheme indicated that the measures implemented by the Commission to aid recovery were ineffective and needed to be improved.

Recommendations

- **The effectiveness of the loan recovery strategies implemented by the Commission needs to be reviewed.**
- **The Scholarship Unit should not rely solely on recipients to inform the Unit of their employment status but to continuously follow-up with recipients and guarantors.**
- **The guarantor's clause should be invoked if scholarship recipients do not inform the Commission of their employment status three months after graduating.**

Management Comments

We have to some extent reviewed the process. The Accounts Section staff has reviewed the process by liaising with the Government departments on the post to post-identified; the post and person on the table through the MIS task undertaken to update their information. Thus it has formed a system for identifying graduates by liaising with the relevant authorities. The PSC Accounts section fill the FS03 form to effect deductions within the Ministry once students are identified instead of forwarding the list to Ministries to carry out all the paperwork before deductions are activated. The Form FS03 are then taken to relevant Ministry, batched, stamped and forwarded to the Ministry Finance who would effect deductions. The process has seen the improvement recovery time from relevant Ministries in which our students are employed in.

The Unit also had an audience with the Fiji National Provident Fund and the Immigration section of tracing our graduates and guarantors. The Ministry of Finance has opened a Bank account at Colonial Bank which would allow those Scholarship and Student Loan students located in the district areas and private sector employment to deposit the payments directly into the Scholarship/Student Loan account. The Colonial Bank deposit slip would allow for students narrative details to be placed on the bank details so that tracing payments records would be accounted for. The public would be informed accordingly shortly of the new mode of payments receivable at the Colonial National Bank. Recommendations for consideration for Post office payments are still in process.

Letters of Scholarship payments are written to student with copies of correspondence given to guarantors also. Measures are taken that students are now called and asked to forward their guarantors latest address before graduating to ensure information on files are current. Should guarantors have migrated, students are required to sign new guarantors' forms.

2.7 Outstanding Student Loans – Student Loan Scheme

The Student Loan Scheme is an affirmative action programme by the government designed specifically for disadvantaged families who cannot afford to pay their children's education at tertiary level.

The recipient upon being employed is to pay back the 100% amount of loan used on his/her education by an annual remittance of 20% from his/her gross wages/salary per annum.⁴

Review of student loan records for the year ended 31 December 2007 revealed that a significant amount of loans have yet to be recovered. This indicated that the Student Loans Scheme have not been properly monitored to ensure the successful recovery of loans upon completion of studies. Refer to Table 2.4 for details:

Table 2.4: Outstanding Student loans as per Tertiary Institutions

Institution	Amount (\$)	Amount (\$)	Variance (\$)	Variance (%)
University of the South Pacific	45,441	43,975	1,466	3%
Fiji Institute of Technology	15,850	15,850	-	-
Fiji College of Advance Education	11,230	9,126	2,104	19%
Fulton College	13,360	13,360	-	-
Corpus Christi Teachers College	14,900	14,900	-	-
Fiji College of Agriculture	24,095	24,095	-	-

The minimal loan repayments received in 2007 and the high amount of outstanding loans from the student loan scheme indicated that the measures implemented by the Commission to aid recovery of loans were ineffective and needed to be improved.

Recommendation

- **The effectiveness of the loan recovery strategies implemented by the Commission needs to be reviewed.**
- **The guarantor's clause should be invoked if scholarship recipients do not inform the Commission of their employment status three months after graduating.**

Management Comments

We have to some extent reviewed the process. The Accounts Section staff has reviewed the process by liaising with the Government departments on the post to post-identified; the post and person on the table through the MIS task undertaken to update their information. Thus it has formed a system for identifying graduates by liaising with the relevant authorities. The PSC Accounts section fill the FS03 form to effect deductions within the Ministry once students are identified instead of forwarding the list to Ministries to carry out all the paperwork before deductions are activated. The Form FS03 are then taken to relevant Ministry, batched, stamped and forwarded to the Ministry Finance who would effect deductions. The process has seen the improvement recovery time from relevant Ministries in which our students are employed in.

⁴ PSC Scholarship and Student Loan Scheme Handbook, Student Loan Scheme, Recovery of Loan, pg 11
Public Service Commission

The Unit also had an audience with the Fiji National Provident Fund and the Immigration section of tracing our graduates and guarantors. The Ministry of Finance has opened a Bank account at Colonial Bank which would allow those Scholarship and Student Loan students located in the district areas and private sector employment to deposit the payments directly into the Scholarship/Student Loan account. The Colonial Bank deposit slip would allow for students narrative details to be placed on the bank details so that tracing payments records would be accounted for. The public would be informed accordingly shortly of the new mode of payments receivable at the Colonial National Bank. Recommendations for consideration for Post office payments are still in process.

Letters of Scholarship payments are written to student with copies of correspondence given to guarantors also. Measures are taken that students are now called and asked to forward their guarantors latest address before graduating to ensure information on files are current. Should guarantors have migrated, students are required to sign new guarantors' forms.

2.8 Student Records

When making an application for scholarship, the following documents must be supplied at the time of application:

- fully completed application form;
- results of form 6 and 7 or foundation studies;
- full extract of birth certificate.

From a sample of Student Files verified, audit noted that Form 7 academic results or Foundation results were not maintained in the files. In addition, a number of files do not have application forms and audit could not establish whether the students had actually applied for scholarships.

Academic results for each semester were not always obtained to evaluate students' academic performances and where results were provided, the copies were not certified. Refer to *Appendix 2.2* for details of anomalies noted during the audit.

The inadequacy of the records maintained in student files imply that the procedures followed in awarding scholarships may not be transparent and accountable.

Recommendations

- **The Scholarship Unit must ensure that all relevant information is maintained in the student's file not only for proper maintenance of records but for audit purposes.**
- **Certified copies of academic results should be obtained and maintained in the respective students' files.**

Management Comments

The Teaching Education course is advertised by the Ministry of Education and administration from receipting to selection are also carried out by them as relevant authorities. The PSC as sponsors are given the list of names to be sponsored as new intakes. Thus as sponsors, we have our standardized forms which are in the files.

The Master list of Form 7 external exam results are received from the Ministry of Education directly. Academic results from education institutions are all on bulk listing and thus they are written in financial cards in file. The bulk of assessments are stored in the academic results files. However institutions like FIT and FSM issue individual transcripts which are available in the individual student file when one checks. Students are required to undertake a bridging unit should they fail English which is a required by education institutions, selection done by educational institution.

In regards to the case where the Birth Certificate did not correspond to the student data, the record was misfiled. Error rectified

*The missing pay slip of the second guarantor queried is in file TL2k7/124.
Copies of academic result in the file would now be certified to ensure proper compliance.*

2.9 Verification of Information Submitted for Student Loans

When applying for student loans under Student Loan Scheme, the following documents must be submitted.

- completed Student Loan Scheme form;
- evidence of both parents annual gross income;
- results of form 6 and 7 or foundation studies; and
- full extract of birth certificate

Audit verified a sample of Student Loan Scheme files where the applicants were granted loans to study at the University of the South Pacific for 3 years. The following observations were noted.

- Form 7 or Foundation studies results is one of the important criteria for selecting students to be awarded loan for tertiary studies under the Student Loan Scheme. Audit noted that Form 7 or Foundation Studies results were not maintained in most of the files that were reviewed and audit could not establish whether loans were granted to students who had obtained good results in Form 7 or Foundation studies.
- One of the criteria for Student Loan scheme is that the parents combined gross annual income from all sources should not exceed \$12,000. In one case, the applicant initially stated her father's gross annual income as \$9,500 which was declared as correct by a Justice of Peace in Nadi. The applicant later amended her fathers' annual gross income to \$5,200 which was endorsed as correct by the same Justice of Peace. Audit noted that the Scholarship Unit did not verify the correctness of the information submitted by the applicant.
- In another instance, a student stated that her father was a cane cutter and his gross annual income was \$1,800 when in fact the parent was also the executor, trustee and beneficiary of his fathers' estate farm. A copy of letter from Sugar Cane Growers Council was provided by the student which stated that average annual cane production was 80 tons with gross income of \$4,000. The Scholarship Unit did not obtain confirmation from the Fiji Sugar Corporation to verify the gross annual income.

The above anomalies indicate that the information provided with the applications is not always properly scrutinized by the Scholarship Unit when screening applications for student loans.

Recommendations

- **Certified copies of Form 7 or Foundation results must be obtained from all applicants and maintained in the file.**
- **The Scholarship Unit should ensure proper verification of the annual gross income of the parents of applicants before approving student loans.**
- **The Scholarship Unit should ensure compliance with the established procedures when verifying and scrutinising information submitted by applicants for student loans.**

Management Comments

Like the Scholarship scheme, our office refers to the Master list of Form 7 results from the Ministry of Education when selections are done.

The requirement is, a document has to be endorsed by the Justice of Peace (JP) which is in line with procedures. We do not have an Advisory Council to carry a second vetting process. In most cases, some Student Loan Scheme parents had experienced a drop of their combined annual income from the time of the coup. This has been attributed to reduced working hours from company, reduced available work or been laid off from their employer resulting in the reviewed wages/salary of parents in question. Students are therefore asked to fill up a new statutory declaration form, state their problems and actual income which should be witnessed by the JP.

2.10 Termination of Student Loans

Once a scholarship has been awarded or loan has been granted, the Scholarship Committee shall have the powers to withdraw such a scholarship or loan if in its view the behaviour and or academic progress of the holder is or has been unsatisfactory.⁵ Once a loan is terminated the students or the guarantors should pay the total amount spent.

Audit reviewed a sample of student files that were awarded loans in the first semester of 2004 but were terminated during 2005 due to poor academic performances.

File: USP 04/012

The student obtained 242/400 marks in Form 7 and was awarded student loan under the Student Loan Scheme for studies at the University of the South Pacific in the first semester of 2004 on the basis that she should complete four 100 level courses⁶ at her own cost.

The student loan was terminated on the ground of poor academic performance. At the time of termination, the student had a loan balance of \$8,354. The Scholarship Unit wrote a letter on 18/01/06 to the student informing her of the termination and the amount to be repaid. As of the date of the audit, the student had only repaid \$162. The last repayment of \$25 was made on 16/06/06.

The Scholarship Unit did not issue any follow-up nor did it attempt to recover the loans from the guarantors.

File: USP 04/24

The student was awarded a loan under the Student Loan Scheme for studies at the University of the South Pacific in the first semester of 2004. The total loan given to the student was \$12,157.

The student failed two of the three units in the second semester of 2005; however, the Scholarship Unit did not terminate the loan until after the second semester of 2006 when the student failed all units. The PSC would have saved \$3,405 if his award was terminated in 2005.

The Commission wrote to the student on 30/08/07, eight months after terminating the loan, to inform the student of the termination of the award and the repayment of the loan. As of the date of audit, the student has not made any repayment.

There has been no attempt to recover the loan from the guarantors.

⁵ Scholarship and Student Loan Hand Book 2004 page 8

⁶ ED 153, LL114, MA111, CH101

File: USP 04/015

The student was awarded student loan in the first semester of 2004. On 7/01/05, the Commission wrote to the student informing her of the termination of the loan from the first semester of 2005 due to poor academic performance. The total loan given to the student was \$4,392.

The student made only one repayment of \$300 on 17/01/05. The Scholarship Unit had not issued any follow up letters or attempted to recover the loan from the guarantors.

File: USP 04/020

The student was awarded student loan in the first semester of 2004. On 7/01/05, the Commission wrote to the student informing him of the termination of the loan from the first semester of 2005 due to poor academic performance and that he was to pay off her loan from the date of the correspondence. The total loan given to the student was \$3,927.

The student has yet to make any repayment. Audit noted that the Scholarship Unit had not issued any follow up letters or attempted to recover the loan from the guarantors.

Audit requested for the list of total loans awarded and terminated, together with the total value of each loan between 2004 and 2007. It was noted that the information have not been maintained for the period 2004 to 2006.

In 2007, seven loans were terminated amounting to \$61,043. Of this, the Commission was not able to make any loan recovery during the year.

The above indicate that the Scholarship Unit has not been very effective in recovering student loans.

Recommendations

- **The Student Loan Scheme Unit must review the files at the end of every semester and terminate the loans for those who do not perform satisfactorily.**
- **The Unit should make every effort to recover the loan amount by regularly sending follow up letters to all students whose award has been terminated or have successfully completed their studies.**
- **The Unit should make every effort to recover the amount from the guarantors if a student fails to make payment for the loan taken.**
- **The Unit should review the effectiveness of its loan recovery procedures**

Management Comments

The practice would now be carried out.

Reminder letters would be sent to terminated students and students who have completed their studies in improving recovery. The staff are working on graduates and secondly guarantors if students do not comply with payments. Letters would be followed up with the employers on monitoring of students and Improvement of repayment status.

It is recommended that Auditors should be in consultation with the Scholarship Units staff before noting the points highlighted to avoid confusion on some of the incorrect information highlighted.

2.11 Expired Letting Agreements

The Public Service Commission is the central agency charged with the responsibility of providing office accommodation for the public service. Although other government agencies also have specific responsibilities into the management of office accommodation for the public service, the Public Service Commission is responsible for conducting negotiations with owners of buildings.

The Director of Lands and Surveyor General prepare the letting agreement on the instruction of the Commission.

Several letting agreements had expired and the premises are being rented for government office accommodation on a monthly basis. In most cases, new letting agreements have not been entered into. Refer to *Appendix 2.3* for expired letting agreements.

In the absence of a signed letting agreement, the Commission may not be in a position to protect the interest of government if landlords choose to suddenly negate the current arrangement.

Recommendation

If Ministries and Departments continue to occupy a building upon the expiry of the letting agreements, the Commission through the Ministry of Land should ensure that a new letting agreement is entered into with the landlords.

Management Comments

The Director of Lands and Surveyor General maintain lease agreement for all rented premises. Ministry of Finance is currently reviewing the tenancies of rented premises. Many leases are on monthly basis because of proposed relocation of various tenants into buildings that were due for completion as early as last year. For example when the BLV office buildings and the FIRCA complex are completed, some large Ministries will move there from Ro Lalabalavu House and Knolly Plaza. Space vacated by these tenants will be occupied tenants in these premises on monthly tenancies – Multi Ethnic Affairs will move to Knolly Plaza and the lease for Prouds Building will be vacated. There are many examples of these. The landlords of such buildings understand our position on this matter and have no objections about such arrangements. In Lautoka, a number of lease will be terminated when the Ba Holdings complex is handed over.

2.12 Pool Quarters Entitlement

The entitlement and eligibility of officers to rent free government quarters or an allowance in lieu of the rates approved by the Public Service Commission are specifically stated in section 601 of the General Order.

A review of the pool quarters records revealed that public officers are occupying government quarters although they are not entitled. Refer to Table 2.5 for examples.

Table 2.5: Officers occupying Pool Quarters

Name	Post	Quarters No.	Location	Date of Occupation
Makereta Waqa	Typist	25B	Nausori	Not provided
Kesai Kuruduadua	Typist	29	Nausori	Not provided
Vikatore Raga	Inspector	111	Nausori	Not provided
Sikeli Ravuvu	TRCO	25	Naitasiri	Not provided

Name	Post	Quarters No.	Location	Date of Occupation
N. Ratumaiyale	Typist	25	Nadi	Not provided
S.Lewatu	Typist	28	Nadi	Not provided
Filipe Jitoko	DS	15	Richards Road	Not provided
Inoke Oliqao	Chief Police Protection Officer	108	Berkley Crescent	23/03/05
Vilimoni Vaganalau	Staff Supervisor	120A	Imthurn Road	15/02/02
Filimone Kau	Director	143	Allardye Road	26/09/07
Capt Viliame Draunibaka	Military Advisor	144	Barton Place	21/02/06
Samu Bainivalu	Matanivanua	173	Veituto Rd	21/03/05
L. Tora	IITIF	187	Veituto Rd/ Makulu	27/01/07
Force Chaplin	Force Chaplin	216	Stoddart Place	11/09/07
Jonasa Lekai	DPC/South	241	Nicoll Road	11/09/07
Rusiate Tuidravu	ASP	248	Nicoll Road	11/09/07

A significant number of Police Officers are still occupying government pool quarters throughout Fiji although the Department has its own departmental quarters and barracks. The Office Accommodation Unit does not have in its records details such as quarters' numbers and the date the quarters were occupied by Police Officers. Refer to the *Appendix 2.4* for list of Police Officers occupying pool quarters.

The anomaly indicates abuse in the entitlements and allocation of government quarters.

Recommendation

PSC must ensure that government quarters are only allocated to officers who are entitled to them otherwise market rate of rent should be charged.

Management Comments

PSC agrees with this concern and hopes to address this problem soon. It is to be noted that this is a difficult matter for PSC to control because of the rigid application of rules for quarters allocation. In the past PSC had allowed some quarters to be occupied by senior civil servants on condition they pay appropriate economic rent.

A similar step is being taken now. The Commission on 30th July, 2007 gave approval for vacant quarters are to be allocated to Heads of Departments on the understanding that they are vacated when required by PSC. We presume that this might minimize quarter's vandalism. (Commission Paper 178/07 is attached).

Police Officers occupying Pool Quarters:

PSC agrees with this concern and hopes to address this problem soon.

PSC is not able to provide effective management due to lack of resources. It relies given in the quarterly return by districts. Even information on these returns are not complete, like dates of occupation are not given most of the time. These reports were given to the auditor on his first day in the office. The auditor had asked for a list of Police Officers in quarters through his colleague. A detailed one would have been produced if he had come back to us with the information needed.

The Police officers were given deadlines to vacate last year. However, this has not eventuated in some as informed by Commissioners and District Officers that the High Commissioner of Police has advised them not to. The case is being forwarded to DS Finance for advice.

PSC is strongly of the view that quarter's eligibility in the districts be revised and that renting of quarters should be stopped. As an alternative measure, those officers like in the medical and technical profession should make their own arrangements and claim rental rebate from PSC. This of course would be calculated on an approved formula.

2.13 Quarters Occupied by Dr. Uzal Kanti Dhar

Section 601 of the General Orders states the entitlement and eligibility of officers to rent free government quarters or an allowance in lieu of the rates approved by the Public Service Commission.

Dr Uzzal Dhar, an expatriate consultant and a Bangladesh citizen was working on contract in Fiji for the period 10/02/99 to 09/02/01. On 21/01/00, Dr Dhar was allocated a government quarters and assumed duties at the CWM Hospital which was in line with his conditions of expatriate employment. On 18/09/2000, he acquired Fiji citizenship and forfeited all terms, conditions, rights and privileges under his expatriate employment agreement. Audit noted that the officer informed PSC about the acquisition of the Fiji Citizenship after 16 months instead of within 24 hours as required under Clause 10 of the Agreement.

On 9/9/05, the Commission wrote to Dr. Dhar advising him to vacate the government quarters as he was no longer entitled to government quarters due to change in his residential status. He was also required to pay rental of \$1,000 per month effective from 18/09/2000.

On failing to vacate the quarters, an Affidavit was prepared by the Commission and forwarded to the Office of the Attorney General. On 18/2/07, a letter was written by the Attorney General to Dr. Uzzal Dhar and copied to Commission informing Dr. Dhar that he was free to continue occupying the government quarters until the matter is finalised in court.

To date, Dr. Dhar is still occupying the government quarters without paying any rent. As at 31/12/07, he had accumulated rent arrears totalling \$87,339.96.

Recommendations

- **Government quarters should only be allocated to those entitled otherwise market rent should be charged if officers continue to occupy the quarters beyond the period of their entitlement.**
- **Government regulations pertaining to the occupation and allocation of government quarters as issued by the Commission should be applied to all officers irrespective of their status.**
- **Any outstanding rent from those occupying government quarters should be recovered immediately.**

Management Comments

The Affidavit has been with the Attorney General Office since March, 2006. The Interim Attorney General has given him permission to stay in the quarters. This doctor was terminated from service, and since past 10 years or so has lived in government quarters without paying any rent, although he works for another institution.

Appendix 2.1: Statement of Output Cost

Policy and Executive Management

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	636,479	488,009
Unestablished staff	16,964	12,475
Travel & communication	13,186	17,820
Maintenance & Operations	34,525	39,962
Purchase of goods & services	27,973	19,432
Operating grants & transfers	0	0
Special expenditures	0	0
Total Operating Costs	729,127	577,698
Capital Expenditure		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	71,910	72,476
TOTAL EXPENDITURES	801,037	650,174

Management and Improvement Division

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	509,793	395,661
Unestablished staff	11,552	8,955
Travel & communication	417	5,670
Maintenance & Operations	7,842	8,526
Purchase of goods & services	0	213
Special expenditures	0	41,090
Total Operating Costs	529,604	460,115
Capital Expenditure		
Capital Purchases	266,120	0
Total Capital Expenditure	266,120	0
Value Added Tax	80,867	47,568
TOTAL EXPENDITURES	876,591	507,683

Corporate Services

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	1,065,399	886,832
Unestablished staff	71,796	73,565
Travel & communication	242,709	374,758
Maintenance & Operations	95,226	93,544
Purchase of goods & services	0	0
Operating grants & transfers	0	0
Special expenditures	0	0
Total Operating Costs	1,475,130	1,428,699
Capital Expenditure		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	127,894	172,597
TOTAL EXPENDITURES	1,603,024	1,601,296

Employee Relations

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	638,985	591,438
Unestablished staff		
Travel & communication	3,426	2,665
Maintenance & Operations	1,713	7,660
Purchase of goods & services	0	
Operating grants & transfers		
Special expenditures	780,000	520,000
Total Operating Costs	1,424,124	1,121,763
Capital Expenditure		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	113,916	132,461
TOTAL EXPENDITURES	1,538,040	1,254,224

Training

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	712,798	603,577
Unestablished staff	83,901	83,717
Travel & communication	8,063	18,007
Maintenance & Operations	5,835	23,666
Purchase of goods & services	12,156	29,634
Operating grants & transfers	4,824,946	2,889,746
Special expenditures	32,361	19,922
Total Operating Costs	5,680,060	3,668,269
Capital Expenditure		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	83,086	91,298
TOTAL EXPENDITURES	5,763,146	3,759,567

Public Service Appeals Board

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	160,281	131,634
Unestablished staff	9,872	9,103
Travel & communication	6,345	8,122
Maintenance & Operations	2,036	4,031
Purchase of goods & services	314	844
Operating grants & transfers	39,398	64,792
Total Operating Costs	218,246	218,526
Capital Expenditure		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	28,659	23,265
TOTAL EXPENDITURES	246,905	241,791

Appendix 2.2: Discrepancies in Student Records – 2007

Institution	Student Name	Discrepancies Noted
LTC	Robina Maharaj	<ul style="list-style-type: none"> Form 7 results not in the file. Application form not seen in the file. LTC results for 2007 not in the file.
LTC	Sera Betevua Nawega	<ul style="list-style-type: none"> Form 7 results not in the file. The name in the application form does not match with the birth certificate in the file. Application form not seen in the file. LTC result for 2007 not in the file.
LTC	Sera Lalaciwa	<ul style="list-style-type: none"> Salary slip for one of the guarantors not obtained. Form 7 results not in the file. LTC results for 2007 not in the file.
LTC	Sujata Sanjani singh	<ul style="list-style-type: none"> Form 7 results not in the file. Application form not seen in the file. LTC results for 2007 not in the file.
FCAE	Jay Malti	<ul style="list-style-type: none"> Form 7 results not in the file. Application form not seen in the file.
FCAE	Reshmi Devi	<ul style="list-style-type: none"> Form 7 results not in the file. Student data record sheet states she got 209/400 in Form 7. The student failed English in Form 7 and did this course at Foundation level from USP. She was awarded scholarship on grounds that she did some 100 level course at USP.
FCAE	Aseri Naivou	<ul style="list-style-type: none"> Form 7 results not in the file. Application form not seen in the file.
FCAE	Sereana Mararma	<ul style="list-style-type: none"> Form 7 results not in the file.
USP	Akuila Tony Tausere	<ul style="list-style-type: none"> The student completed Foundation studies. The copy of second semester Foundation result provided was not certified correct. USP results not in the file.
USP	Moureen Ronika Chand	<ul style="list-style-type: none"> Form 7 results not in the file. USP result for 2007 not seen in the file.
USP	Nanise Mekeca	<ul style="list-style-type: none"> Form 7 results not in the file. The student failed more than 50% course in semester 1/2007. The award was terminated and letter of Termination was written to the student on 3/8/08 (almost after 1 year). The student owes \$5,111 to PSC. No follow up letter issued to the student. No letter written to the guarantors. No attempt made to recover the amount from the student or the guarantors.
USP	Harmeet Kumar Charan	<ul style="list-style-type: none"> Form 7 results not in the file. Certified copies of USP result for 2007 not seen in the file.
USP	Seruwaia M. Cagilaba	<ul style="list-style-type: none"> Semester 1 Foundation result not seen in the file. Result for semester 1/2007 was not seen in the file. Result for semester 2/2007 was not certified correct. The student failed 2/4 courses (50%) in semester 2/2007 but her award not terminated.
USP	Mereseini Semira	<ul style="list-style-type: none"> Certified copy of Form 7 results not seen in the file. Award terminated after second semester 2007. PSC incorrectly asked the student to pay \$10,543 which was the total cost for 2007. The student should pay only 1/3 of the total cost which is \$3,514. No follow up letter written to the student.

Institution	Student Name	Discrepancies Noted
		<ul style="list-style-type: none"> No attempt made to recover the amount from the guarantors.

Appendix 2.3: Expired Letting Agreement

Location	Landlord	LD Ref	Occupant/Department
Labasa	Macuata Tikina Council	15/4/2636	Labasa Court Hse
Labasa	Local Timber Bldg	15/4/2449	Govt. Supplies
Labasa	Local Timber Bldg	15/4/1839	Health
Lautoka	BPHL-Rogorogo-i-Vuda	15/4/1340	Immigration
			Common Area
			E&T- Education
			CICPE – Cooperatives
			Registrar General
			W&C – Women& Culture
			J& HA – Health
			Lands
Levuka	Lomai Prov. Council	15/4/1135	AFF – Agri & Fisheries
Nabouwalu	Bua Prov – Naulumatua	15/4/943	RD & MEA – Do's Office
			T&T Road Transport
			E-Education
Rakiraki	Vaileka House	15/4/1953	Social Welfare & Women
			Supplies
			Cooperatives
			Health
			AFF Forestry
			Education Library (Vacant)
Sigatoka	Keasuna Bldg	15/4/556	T&T Marine
Suva	FHL-Sukuna House	15/4/2189	Bureau of Statistics
Suva	FHL-Sukuna House	15/4/2186	Bureau of Statistics
Suva	Kelton Credit Corp	15/4/2125	Telecom Regulatory Unit
Suva	Kelton Naibati	15/4/1775	CICPE – Trade & Commerce
Suva	Kelton-Gunu Hse	15/4/2313	DPP
Suva	Kelton-Gunu Hse	15/4/2591	DPP
Suva	Kelton-Gunu Hse	15/4/2657	DPP
Suva	Marela House	15/4/1270	Education
Suva	Gaunavou Mink	15/4/2464	PWD
Suva	NLTB	15/4/69	Fijian Affairs
Suva	Fijian Teachers Ass	15/4/2655	Micro Finance
			Micro Finance
Suva	Yatulau Provincial Holdings	15/4/2111	MOH-Health HQ
Suva	Yatulau Provincial Holdings	15/4/2227	MOH-Health HQ
Savusavu	Gulabdas	15/4/2054	Immigration
			Supplies
Seaqaga	Mohd.Tahir Khan	15/4/2281	Govt. Supplies
Suva	Allied Investment	15/4/2604b	Elections
Suva	Cee Kay Patel Bldg	15/4/2354	Div Surveyor C/E
Suva	Cee Kay Patel Bldg	15/4/2491	Co-operatives
Suva	Cee Kay Patel Bldg	15/4/2423	Justices Dept
Suva	Knolly Plaza (McGregor)	15/4/1986	Regional Dev. DISMAC
			Regional Dev. Rural Housing
			Regional Dev. Comm
			Regional Dev. Accts/Reg
			Regional Development

Location	Landlord	LD Ref	Occupant/Department
Suva	Knolly Plaza (McGregor)	15/4/1986A	Regional Dev. Fijian Affairs
Suva	Tabatolu House	15/4/2361	Weights & Measures
Suva	Vinod Patel & Co.	15/4/2064	Education – CDU
Suva	Vinod Patel & Co.	15/4/2158	Careers
Suva	Vinod Patel & Co.	15/4/2164	Education Archives
Nasinu	Fast Build Cons. Ltd	15/4/2508	Social Welfare
Suva	Bhanabhai	15/4/2579	Police CID
Suva	Reddy Construction Ltd	15/4/2450	Multi Ethnic Storage
Suva	Reddy Construction Ltd	15/4/1704	Multi Ethnic
Suva	P D Patel	15/4/2607	Health
Suva	Manohan Building	15/4/2649	Police
Suva	Manohan Building	15/4/2649A	Police
Suva	Manohan Building	15/4/2649B	Police
Suva	Manohan Building	15/4/2649C	Police
Suva	Manohan Building	15/4/2649D	Police
Nausori	Youneeda	15/4/2605	Water Rates
Nausori	N B Patel Building	15/4/2367	Police
Nausori	Three Kings	15/4/2551	Magistrate Court
Nausori	Three Kings	15/4/2596	DPP
Lautoka	Eddie Hin Bldg	15/4/2332	DMO Western
Lautoka	Fiji Ports Corporation	15/4/2687A	FIMSA
Lautoka	Fiji Ports Corporation	15/4/997	FIMSA
Lautoka	Housing Authority		Finance
Sigatoka	Sig. Town Council	15/4/2203	Education & Labor
Sigatoka	Sig. Town Council	15/4/2495	Water Rates
Suva	Bluebird Printery	15/4/2387	Weights & Measures
Suva	Fond Sun Bldg	15/4/2074A	Works & Energy HQ
Suva	Janson Ho Ltd	15/4/1521	Lands (Catography & Draght)
Suva	Janson Ho Ltd	15/4/746TC	European Union
Suva	Civic House	15/4/2208	Lands Valuation
Suva	Civic House	15/4/2635	Labor
Suva	FNPF – Robinson Bldg		MAFF HQ
Suva	FNPF – AMB Bldg	15/4/2470	Co-operative
Suva	Fiji Red Cross	15/4/2456	Education
Suva	Fiji Red Cross	15/4/1665	LMR-Land Information
Suva	Fiji Red Cross	15/4/2457	LMR- Control Section
Suva	Fiji Ports Corporation	15/4/1635	FIMSA
Suva	Fiji Ports Corporation	15/4/1420	FIMSA
Suva	Fiji Ports Corporation	15/4/2490	Immigration
Suva	Fiji Ports Corporation	15/4/2687	FIMSA
Suva	Harm Ham	15/4/1975	Youth & Sport
Suva	Harm Ham	15/4/1975A	Education
Nasinu	Housing Authority	15/4/975	Police
Nasinu	Housing Authority	15/4/970	Police
Nasinu	Housing Authority	15/4/2295	Judicial
Nasinu	Housing Authority	15/4/944	Police
Nasinu	Housing Authority	15/4/2379	Police

Appendix 2.4: Quarters Occupied by Police Officers

Name	Post	Quarter No	Location	Date Occupied
Vereimi Wara	OCPD	Not provided	Ba	Not provided
Eroni Cokanasiga	Police Inspector	Not provided	Ba	Not provided
Keshri Lal	DCO Eastern	Not provided	Nausori	Not provided
Metuisela Votu	DCP	Not provided	Nausori	Not provided
Penioni Tokona	DMCP	Not provided	Nausori	Not provided
Josefa Delailomaloma	D/DPC Eastern	Not provided	Nausori	Not provided
Vikatore Raga	Police Inspector	Not provided	Nausori	Not provided
Josaia Naisoro	Station Officer	Not provided	Kadavu	Not provided
Tevita Tadu	Station Officer	Not provided	Levuka	Not provided
Leone Niumataivalu	Officer in Charge	Not provided	Savusavu	Not provided
Luke Rawalai	Superintendent	Not provided	Labasa	Not provided
Anath Narayan	Div. Police	Not provided	Labasa	Not provided
Esekaia Daugunu	Inspector	Not provided	Labasa	Not provided
Elipi Vocea	Inspector	Not provided	Labasa	Not provided
Atunaisa Baleiwai	Superintendent	Not provided	Labasa	Not provided
Isoa Maravu	Inspector	Not provided	Labasa	Not provided
Davendra Chand	OCPD	Not provided	Nadi	Not provided
Vueti K. Rabuliku	Inspector	Not provided	Nadi	Not provided
Penaia Drauna	Constable	Not provided	Nadi	Not provided
Levi Vurabere	Inspector	Not provided	Nadi	Not provided
Penaia Drauna	Constable	Not provided	Nadi	Not provided
Jese Vilimotama	Constable	Not provided	Nadi	Not provided
Anandan Pillay	Constable	Not provided	Nadi	Not provided
Eveli Rokotukana	Constable	Not provided	Nadi	Not provided
Viliame	Waqaninavatu	Not provided	Nadi	Not provided
Emori Laqai	Divisional Police Commander	Not provided	Lautoka	Not provided
Mohammed Naeem	Deputy DSBO (W)	Not provided	Lautoka	Not provided
Anil Prasad	Div. Prosecution Officer (W)	Not provided	Lautoka	Not provided
Jayanti Lal	Asst. Superintendent	Not provided	Lautoka	Not provided
Waisake Kadawa	Asst. Superintendent	Not provided	Lautoka	Not provided
Sakeasi Tamani	Police Inspector	Not provided	Lautoka	Not provided
Mataiasi Sivo	Switchboard Operator	Not provided	Lautoka	Not provided
Ata Mani	Police Constable	Not provided	Rotuma	Not provided
Vijay Kumar	Inspector	Not provided	Tavua	Not provided

Section 3

Office of the Attorney General

Programme Statement

The Office of the Solicitor General is responsible for providing quality legal advice to all ministries and department; drafting Government Bills and Subsidiary Legislations; undertaking systematic review; reform and development of laws in Fiji Islands; undertaking Statutory Law Revision; providing legal assistance to impoverished persons in family and criminal laws through legal representation and advice.

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FINANCIAL STATEMENT

3.1 Audit Opinion

The audit of the 2007 accounts of the Office of the Attorney General resulted in the issue of a qualified audit report.

The qualifications are as follows.

- The Office had consolidated its expenditures into three Statements of Output Costs, whereas the Budget Estimates 2007 prescribes ten outputs. The facility to allow the measurement and accounting of output costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Office under each output.
- The Office has not provided the Trust Fund Account Statement of Receipts and Payments contrary to Finance Instructions 82(1). The Financial Management Information System shows that the Office as at 31/12/07 has operating trust funds totalling \$313,336.

3.2 Statement of Receipts and Expenditures

The Office incurred total expenditures of \$5,927,408 in 2007 compared to \$3,691,730 in 2006.

Table 3.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue		
Hotel License	79,235	4,570
Liquor License	18,758	29,920
Miscellaneous Fees	12,917	3,722
Other Revenue	18,739	120,765
Total State Revenue	129,649	158,977
Agency Revenue		
Miscellaneous	10,038	3,030
Total Agency Revenue	10,038	3,030
TOTAL REVENUE	139,687	162,007
EXPENDITURE		
Operating		
Established Staff	1,720,479	1,794,634
Unestablished Staff	70,786	70,698
Travel & Communication	116,160	99,471
Maintenance & Operations	139,811	156,938
Purchase of Goods & Services	913,565	273,675
Operating Grants & Transfers	524,342	385,050
Special Expenditure	1,847,274	603,698
Total Operating Expenditures	5,332,417	3,384,164
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	-	-
Value Added Tax	594,991	307,566
TOTAL EXPENDITURES	5,927,408	3,691,730

3.3 Statement of Output Costs

The Statement of Output Costs consolidates the 10 outputs prescribed in the Budget Estimates. These are detailed in Appendix 3.1.

3.4 Appropriation Statement

The Office incurred expenditures totalling \$5,927,408 in 2007 against the budget of \$6,422,874 resulting in a savings of \$495,466 or 8%.

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

Table 3.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	1,920,719		1,920,719	1,720,479	0	200,240
2	Unestablished Staff	71,244		71,244	70,786	0	458
3	Travel & Communication	117,000		117,000	116,160	0	840
4	Maintenance & Operations	155,000		155,000	139,811	0	15,189
5	Purchase of Goods & Services	667,073	270,000	937,073	913,565	0	23,508
6	Operating Grants & Transfers	527,900		527,900	524,342	0	3,558
7	Special Expenditure	2,330,270	(270,000)	2,060,270	1,847,274	0	212,996
	Total Operating Costs	5,789,206	0	5,789,206	5,332,417	0	456,789
	Capital Expenditure						
8	Capital Construction	-		-	-	0	-
9	Capital Purchases	-		-	-	0	-
10	Capital Grants & Transfers	-		-	-	0	-
	Total Capital Expenditure	-		-	-	0	-
13	Value Added Tax	633,668		633,668	594,991	0	38,677
	TOTAL EXPENDITURE	6,422,874	0	6,422,874	5,927,408	0	495,466

The Ministry of Finance approved the transfer of \$270,000 during the year from *SEG 7 Special Expenditures* to *SEG 5 Purchases of Goods and Services*, to cover expenditures for the hire of expatriate lawyers.

3.5 Statement of Losses

There were no losses of money or fixed assets recorded in 2007.

AUDIT FINDINGS

3.6 Agency Financial Statements

Commencing 2006 financial year, each annual report must include financial statements which are prepared and signed in accordance with the Finance Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.¹

The draft financial statements must be submitted to the Auditor – General by 31 March in the following year, or within such other time as agreed to with the Auditor – General.²

The Office of the Attorney General submitted its financial statements for audit on 31/03/08. Audit could not substantiate the amounts in the Statements of Output Costs as the facility to allow the

¹ Finance Instructions 2005 – 81 (2)

² Finance Instructions 2005 – 81 (3)

measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government.

Recommendation

The Office should ensure that the requirements of the Finance Instructions 82 are strictly followed in the preparation of the financial statements.

Management Comments

Your comments are noted however, not much can be done from our end as the facility to accurately measure Statement for Output cost is yet to be implemented into the Financial Management Information System of Government.

3.7 Financial and Administrative Procedures - FICAC

Subject to section 8 and section 11(2), the Commissioner and officers shall be employed subject to Public Service or government regulations and such administrative rules as apply generally to public officer, except in so far as the application of such Public Service or Government regulation or rules may be modified by standing orders made under section 11(2).³

The Commissioner may make orders, which shall be known as Commission standing orders, providing for –

- a) the control, direction and administration of the Commission;
- b) the discipline, training, classification and promotion of officers;
- c) the duties of officers;
- d) the financial regulation of the Commission;
- e) such other matters as may in his/her opinion, be necessary or expedient for preventing abuse or neglect of duty and for upholding the integrity of the Commission.⁴

The Commissioner may, with prior approval of the President, by standing order modify the application to officers of Public Service or government regulations or administrative rules applicable by virtue of section 8 (4).⁵

Promulgation 11 of 2007 which provided for the establishment of the Fiji Independent Commission against corruption requires FICAC to establish Standing Orders pertaining to the administrative and financial operations of the Commission.

The Promulgation allows the Commission to be exempted from the Public Service or government regulations with the approval of the President. As at the time of audit⁶, it was noted that FICAC has yet to formalize any Administration and Financial Policies.

In 2007, the FICAC recruited 37 officers some of which commenced employment in January 2008. As the Commission has yet to establish administrative procedures with regards to recruitments, audit could not provide assurance that the recruitment process was carried out fairly and without any abuse since the Commission was also exempted from the public service regulations in this regard.

³ Fiji Independent Commission Against Corruption (Promulgation No.11 of 2007) – Section 8(4)

⁴ Fiji Independent Commission Against Corruption (Promulgation No. 11 of 2007) – Section 11(1)

⁵ Fiji Independent Commission Against Corruption (Promulgation No. 11 of 2007) – Section 11(2)

⁶ Time of audit – March 2008

Until sound systems of internal control with administrative and financial policies are put in place, it is imperative the FICAC adhere to established government rules and regulations for transparency and accountability purposes.

In the absence of established procedures, there is a risk of abuse of office as decisions made by FICAC are not confined to any specific public service or government financial and administrative rules and regulations for the time being.

Recommendations

Where rules and regulations do not exist, the established government rules and regulations should be used for administration and decision making purposes.

Management Comments

- *The institution was established in April 2007 as an independent body of government. While every effort was made to observe established government rules and regulations, The FICAC Standing Operation Procedures was released by then Acting Deputy Commissioner as the guiding document of FICAC operation. These are being currently reviewed and a comprehensive FICAC policy will be released in 2008. The established government rules and regulations have been taken into account but adjusted to suit the independency of FICAC operations.*
- *When FICAC was established in 2007, the investigators were police officers supported by military officers seconded to FICAC to carry out investigations. In order to fulfill the requirements of the Promulgation and established FICAC as truly independent, offer letters were given to every individual police officer providing them with employment opportunities with FICAC on the condition that they resign from the Police Force. Advertisements were placed in the local newspapers to recruit additional investigators when the number could not be fulfilled. Vacancies were also placed in the papers to recruit potential support staff. The selection of officers and recruitment criteria were strictly adhered to. These are available for verification. All employees of FICAC were selected through an interview process.*

3.8 VAT Reconciliation

Subject to the provision of the Vat Decree 1991, the tax shall be charged in accordance with the provisions of this Decree at the rate of twelve and a half percent 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.⁷

A review of the VAT returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$190,269 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Audit also noted a variance of \$106,730 between the actual VAT payments for 2007 and the balances disclosed in the general ledger (FMIS). Refer to Appendix 3.2 for details.

Recommendations

- **The Office should review its VAT records and reconciliations and provide explanations for the variances.**
- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the ledgers.**

⁷ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

Management Comments

- *We have noted your concern. The reconciliation provided by office can not be followed, thus we cannot provide explanations for variance.*
- *We maintain that payment of Vat has always been prepared in accordance with circular 9/95 from figures derived from GL.*

Appendix 3.1: Statement of Output Costs for 2007**Portfolio Leadership Policy Advise and Secretariat Support**

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,290,360	1,345,976
Unestablished Staff	53,090	53,024
Travel & Communication	87,120	74,603
Maintenance & Operations	104,859	117,705
Purchase of Goods & Services	685,173	205,257
Operating Grants & Transfers	393,257	288,787
Special Expenditure	1,385,457	452,773
Total Operating Costs	3,999,316	2,538,125
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	-	-
Value Added Tax	446,243	230,674
TOTAL EXPENDITURE	4,445,559	2,768,799

Consulting Services – Litigation & Advisory, Legislative Drafting, Legal Reform

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	258,071	269,195
Unestablished Staff	10,617	10,605
Travel & Communication	17,424	14,921
Maintenance & Operations	20,971	23,541
Purchase of Goods & Services	137,034	41,051
Operating Grants & Transfers	78,651	57,757
Special Expenditure	277,091	90,555
Total Operating Costs	799,859	507,625
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	-	-
Value Added Tax	89,249	46,135
TOTAL EXPENDITURE	889,108	553,760

Consulting Services Legal Aid

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	172,048	179,463
Unestablished Staff	7,079	7,069
Travel & Communication	11,616	9,947
Maintenance & Operations	13,981	15,692
Purchase of Goods & Services	91,358	27,367
Operating Grants & Transfers	52,434	38,506
Special Expenditure	184,726	60,370
Total Operating Costs	533,242	338,414
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	-	-
Value Added Tax	59,499	30,757
TOTAL EXPENDITURE	592,741	369,171

Appendix 3.2: VAT Reconciliation

Variance between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure:

Details	\$
Total income/expenditure as per Statement of Receipts and Expenditure	5,927,408
Less: Expenditure not subject to VAT– Grant to Legal Aid Commission	524,342
	5,403,066
Less: Total taxable supplies as per VAT Returns	5,212,797
Un-reconciled variance	190,269

Variance between actual VAT payments for 2007 and the balances disclosed in the general ledger (FMIS):

Details	\$
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	594,991
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2007	488,261
Un-reconciled variance	106,730

Appendix 3.3: FNPF Reconciliation

Details		\$
(a) Total FNPF against salaries and wages for 2007		
FNPF as per financial statement		170,239
<i>Add:</i> FNPF for December 2006	13,768	
Payment made not entered into FMIS for 2007	8,207	
FNPF Not Paid to FICAC Officers	2,482	24,457
		194,496
<i>Less:</i> FNPF for December 2007		17,442
		177,245
Gross pay subject to FNPF (177,254 divided by 0.08)		2,215,681
(b) Salaries and wages for 2007 subject to FNPF:		
Salaries, wages and allowances as per financial Statement		2,591,726
<i>Less:</i> Salaries and wages not subject to FNPF		136,101
Salaries, wages and allowance for 2007 subject to FNPF		2,455,625
Variance		(239,944)

Section 4 Ministry of Finance

Programme Statement

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 Government Supplies Department. Also coming under the ambit of the Ministry of Finance are the several statutory bodies, namely, the Reserve Bank of Fiji, the Fiji Development Bank, the Colonial National Bank, the Fiji National Provident Fund and the Unit Trust of Fiji.

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CONSOLIDATED FINANCIAL STATEMENT

4.1 Audit Opinion

The audit of the 2007 accounts of the Ministry of Finance resulted in the issue of a qualified audit report.

The qualifications are as follows.

- a) The amounts reflected in the Statement of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information Systems (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Ministry under each of the eleven outputs.
- b) The payments of FNPF contributions and VAT could not be reconciled to the accounts.
- c) The Stock Certificate for finished goods valued at \$5.4 million as at 31/12/07 for Government Supplies was not produced for audit.

Without further qualification to the opinion expressed above, attention is drawn to the following matter:

- (i) The Statement of Losses (Schedule 11) is understated as only one Board of Survey was carried out from the seven departments under the Ministry's portfolio.
- (ii) A sum of \$3,000,000 for the JP Morgan loss due to foreign exchange fluctuations was charged to Head 4 instead of being charged to Head 50 Miscellaneous Services.
- (iii) The budgets for Heads 51 *Pensions, Gratuities, Compassionate Allowances* (\$38.6 million) and Head 52 Charges on Accounts of Public Debt (\$32.4 million) have not been appropriated under law. The issue has been referred to Solicitors for clarification.

4.2 Statement of Receipts and Expenditure

The Ministry incurred a total expenditure of \$90,115,142 in 2007 compared to \$71,963,940 in 2006.

TABLE 4.1: STATEMENT OF RECEIPTS AND EXPENDITURE IN 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue		
Operating Revenue	1,264,935,088	1,237,884,229
Investing Revenue	43,383,007	43,413,530
Borrowing Revenue	118,862,870	633,884,155
Total State Revenue	1,427,180,965	1,915,181,915
Agency Revenue		

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF THE FIJI ISLANDS – OCTOBER 2008

Description	2007 \$	2006 \$
Board Member	29,759	---
Miscellaneous Revenue	7,915,617	12,380,576
Sale of Photographs	19	---
Sales of Publications	165,895	524,543
Total Agency Revenue	8,111,920	12,905,118
TOTAL REVENUE	1,435,292,255	1,928,087,033
EXPENDITURES		
Operating		
Established staff	11,056,507	11,467,165
Unestablished staff	1,556,345	1,497,958
Travel & communication	1,401,431	900,417
Maintenance & Operations	2,361,504	1,910,690
Purchase of goods & services	886,186	610,608
Operating grants & transfers	37,119,298	31,294,643
Special expenditures	6,461,375	1,325,964
Total Operating Costs	60,842,646	49,007,445
Capital Expenditure		
Capital Construction	1,685,916	143,742
Capital Purchases	6,057,942	7,072,379
Capital Grants & Transfers	18,615,550	13,000,000
Total Capital Expenditure	26,359,408	20,216,121
Value Added Tax	2,913,088	2,740,374
TOTAL EXPENDITURES	90,115,142	71,963,940

4.3 Statement of Output Costs

The Statement of Output Costs consolidates the 6 outputs prescribed in the Budget Estimates. These are detailed in *Appendix 4.1*.

4.4 Appropriation Statement

The Ministry incurred expenditures totalling \$90,115,143 in 2007 against the budget of \$105,989,100 resulting in a savings of \$15,873,957 or 15%.

Details of expenditures against the budget estimates are provided in Table 4.2.

TABLE 4.2: APPROPRIATION STATEMENT FOR 2007 – HEAD 4

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	11,092,700	232,403	11,325,103	11,056,507	---	268,596
2	Unestablished Staff	1,892,000	(232,403)	1,659,597	1,556,345	---	103,252
3	Travel & Communication	1,070,600	458,092	1,528,692	1,401,431	---	127,261
4	Maintenance & Operations	2,514,600	160,317	2,674,917	2,361,504	---	313,413

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SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
5	Purchase of Goods & Services	1,517,200	(143,165)	1,374,035	886,186	---	487,849
6	Operating Grants & Transfers	37,793,000	---	37,793,000	37,119,298	---	673,702
7	Special Expenditure	6,771,800	9,756	6,781,556	6,461,375	---	320,181
	Total Operating Costs	62,651,900	485,000	63,136,900	60,842,647	---	2,294,253
	Capital Expenditure						
8	Capital Construction	1,800,000	---	1,800,000	1,685,916	---	114,084
9	Capital Purchases	9,044,300	(455,000)	8,589,300	6,057,942	---	2,531,358
10	Capital Grants and Transfers	28,000,000	---	28,000,000	18,615,550	---	9,384,450
	Total Capital Expenditure	38,844,300	(455,000)	38,389,300	26,359,409	---	12,029,891
13	Value Added Tax	4,462,900	---	4,462,900	2,913,088	---	1,549,812
	TOTAL EXPENDITURE	105,959,100	30,000	105,989,100	90,115,143	---	15,873,957

The Ministry approved the transfer of funds totalling \$860,648 of which \$30,000 was transferred from Head 50 to Head 4.

The Appropriation Statements for Heads 50 *Miscellaneous Services*, 51 *Pensions, Gratuities and Compassionate Allowances*, 52 *Charges on Account of Public Debt* were not provided for audit.

4.5 Statement of Losses

The Ministry of Finance recorded no losses in 2007. However, following the annual Board of Survey for the Ministry alone, assets totalling \$49,068.28 was written off as per below:

TABLE 4.3: ASSETS WRITTEN OFF IN 2007

Section	BOS No.	Amount \$	Date Approved	Item
FMIS	15/04/07	4,600.50	21/06/07	Photocopier
Admin	35/04/07	299.00	21/06/07	Executive Chair
FMIS	15/06/07	196.00	09/07/07	Clerical Chairs
Policy/FAM Unit	16/06/07	549.00	09/07/07	Chairs, Workstation Partitions,
Admin	17/06/07	591.00	09/07/07	Clerical Chairs/Executive Chair
Debt Unit	18/06/07	270.00	09/07/07	Binding Machine
Internal Audit	21/07/07	299.00	17/07/07	Electric Urn
Debt Unit	16/08/07	449.00	05/09/07	Executive Chair, Open Bookshelf
Budget	34/10/07	790.00	16/10/07	Chairs
HQ	159/10/07	Aid – ILO	06/11/07	GN388 – to be traded in
Suva	209/10/07	1,528.00	08/11/07	Urn, Screen, Printer and Chairs
Suva- Admin	63/11/07	297.78	26/11/07	Electric Urn
Suva- Admin	107/11/07	299.00	06/12/07	Shredder
Suva HQ- Admin	03/12/07	38,900.00	19/12/07	GM706
Total		49,068.28		

The Departments under the Ministry's portfolio that did not submit Statement of Losses include: Government Supplies Department, Government Printing & Stationery Department, Bureau of Statistics, ITC, National Planning Office and the Public Enterprise Department.

4.6 Manufacturing Account – Trading & Manufacturing Activity

Description	31 December 2007 \$
Raw Materials (01/01/07)	1,068,315
<i>Add:</i> Purchases	10,059,066
	11,127,381
<i>Less:</i> Raw Materials (31/12/07)	1,053,545
Raw Materials Used	10,073,837
<i>Add:</i> Work in Progress (01/01/07)	---
Direct Costs	6,508,919
Direct Labour	468,751
<i>Less:</i> Work in Progress (31/12/07)	---
Cost of Manufactured Goods Transferred to Trading A/C	17,051,507

The Manufacturing Account is a consolidation of Government Printing and Government Supplies accounts. The total production costs in 2007 amounted to \$17.1 million, of which \$10.1m or 59% was for raw materials, \$6.5m or 38% for direct costs and \$0.5m for direct labour.

4.7 Trading Account – Trading & Manufacturing Activity

Description	31 December 2007 \$
Sales	12,871,190
Stock of Finished Goods (01/01/07)	7,798,765
<i>Add:</i> Cost of Manufactured Goods	17,051,507
	24,850,272
<i>Less:</i> Stock of Finished Goods (31/12/07)	7,186,360
Cost of Finished Goods Sold	17,663,911
Gross Loss Transferred to Profit/Loss Account	(4,792,721)

The Cost of goods sold amounted to \$17.7m whilst the sales were \$12.9m, resulting in a gross loss of \$4.8m.

It indicates that the costs of production at the Government Printing and the purchasing costs of the Government Supplies operations were excessive, resulting in the loss. There are serious concerns about the efficiency of the operations and the competitiveness of the sources of the raw materials and supplies. These have been raised in previous years audit reports.

4.8 Profit & Loss Statement – Trading & Manufacturing Activity

Description	31 December 2007 \$
Income	
Gross Loss transferred from Trading Account	(4,792,721)
Expenses	
Travel	74,274
Subsistence	29,239
Telecommunications	67,618
Fuel & Oil	78,243
Office Upkeep & Supplies	145,473
Repair & Maintenance of Fixed Assets	158,286
Power Supply	15,131
Water & Sewerage	1,723
Lease & Rent payments	107,892
Minor improvement to Fixed Assets	796
Training Expenses	374
Advertising, Promotion & PR	9,476
Value Added Tax	69,137
Total Expenses	757,661
Net Loss	(5,550,382)

The Profit & Loss Statement shows a Consolidated Net loss of \$5.6 million for the Ministry, after accounting for other expenses totalling \$0.8 million. The major components of expenses include repair & maintenance of fixed assets (21%), Office Upkeep & Supplies (19%) and lease & rental (14%).

4.9 Balance Sheet – Trading & Manufacturing Activity

Description	31 December 2007 \$
TOTAL EQUITY	14,514,813
Current Assets	
Bank	3,613,012
Inventories	9,197,784
Accounts Receivable	1,703,388
NET ASSETS	14,514,813

The Consolidated Net Assets of the Ministry amounts to \$14.5 million.

4.10 Trust Account Statement of Receipts and Payments

Description	31 December 2007 \$	31 December 2006 \$
Opening Balance	10,766,346	9,581,616
Receipts		
Receipts from Performance Bonds	22,641	1,736,823
Trust Receipts	5,821,571	6,235,517
Total Receipts	5,844,212	1,703,388
Payments		
Payments of Performance Bonds	185,772	927,822
Trust Payments	5,206,240	5,859,787
Total Payments	5,392,012	6,787,609
Closing Balance	11,218,546	10,766,346

The total trust fund for the Ministry has increased by \$452,200 or 4% from \$10,766,346 in 2006 to \$11,218,546 in 2007.

AUDIT FINDINGS

MINISTRY OF FINANCE

4.11 Payments of Pension Funds to Crown Agents without any Formal Agreement

The Chief Accountant – Treasury is responsible for the safekeeping and proper maintenance of all accounting records and documents.¹

Pensioners residing in the United Kingdom (UK), United States of America (USA) and Canada are paid their pension funds through the Crown Agents.²

The government remits an average of F\$1.1m annually in pension funds to the Crown Agent Bank for pensioners residing in the United Kingdom, United States and Canada.

TABLE 4.4: REMITTANCE OF PENSION FUNDS TO CROWN AGENTS

Year	No. of Pensioners In December	Commission (Pounds)	Pension (Pounds)	Total (Pounds)	Total F\$
2005	169	11,060	357,727	368,787	1,110,739
2006	168	10,905	357,011	367,916	1,129,131
2007	172	11,204	361,386	372,590	1,168,519
Total		33,169	1,076,124	1,109,293	3,408,389

Despite the high amounts being paid, audit noted that a formal agreement between the Government of Fiji and the Crown Agents Bank to facilitate the payments does not exist. Moreover, the commission fees per pensioner per type had increased from 5 pounds to 5.5 pounds.

¹ Section 18.1.3 of Ministry of Finance Manual 2005

² Section 19.8.5 of Ministry of Finance Manual 2005

In the absence of a formal agreement, the terms and conditions of services provided by the Crown Agents Bank could not be determined.

Recommendation

The Ministry should ensure that for any engagement where more than one party is involved, a memorandum of understanding should be drawn and signed by both parties, and should exist for reference purposes.

Ministry's Comments

Pension Payments made through the Crown Agents Bank has been an on-going procedure for the last 40-45 years. Copies of this agreement could not be located in Pension Office or in Registry.

A request was also submitted to Crown Agents if they could provide us with a copy of an agreement, but they have also confirmed that they do not have any record of a formal agreement. Crown Agents Bank have also confirmed that they have been administering and paying pensions on behalf of the Government of Fiji in excess of 45 years, as stated in their letter dated 5th October, 2007.

Crown Agents Bank is currently preparing a draft agreement which will be forwarded for our perusal on a later date.

As for the increase of commission fees with effect from 1/1/2007, Crown Agents Bank in a letter dated 27 September 2006 to Permanent Secretary for Finance, informed that due to a review of costs and charges related to pension administration and payment services, they have increased the fees in line with the current cost of providing such a service. The charges for this service was not increased since January 2002.

4.12 Aid Unit

The Aid Unit is responsible for the coordination and administration of aid to the Government from Donor Agencies.³

4.12.1 Absence of a Documented Procedure Manual

The principles of responsible financial management are to:

- manage finances over the medium term on a responsible and transparent basis;
- ensure value for money in the use of money and resources;
- report transparently in accordance with relevant accounting and statistical standards.⁴

Audit noted that a documented procedure manual in respect of the aid funds maintained in this Unit does not exist.

Due to absence of the procedure manual, there is no clear guideline as to the receipting and payment of aid funds. It was noted that some funds were receipted into Consolidated Fund as Revenue while others were receipted into Centrally Managed Trust Fund Account.

Although the Officer in Charge explained that payment of aid funds below \$50,000 is made from the Small Grant Scheme, it was noted that \$76,000 was paid to Regional Development from the Small Grant Scheme.

³ Document on Administration of Official Development Assistance

⁴ Section 5 of Financial Management Act 2004

This issue has been highlighted in the previous years audit memorandum whereby the Ministry had assured that the Aid Unit will develop proper guidelines in relation to all disbursements of aid funds.

Recommendation

The Ministry should ensure that a clear procedure guideline in respect of receipting and payment of funds is drawn up and applied.

Ministry's Comments

The Aid Unit will endeavour to have this drawn up by the end of 2008. The Aid Unit is aware that there is so much it is capable of undertaking in respect of the above but with current staffing constraints as well as a great deal of desk work required for each donor, this has been lagging behind.

4.12.2 Absence of a Database for Aid Unit

The Official Development Assistance (ODA) includes all Aid in cash or kind and all other international assistance through multilateral and bilateral aid⁵. The Aid Unit in the administration of ODA shall develop and strengthen Aid Management Information System (AMIS) to improve data integrity, improve data capture and improve quality of budget estimates.⁶

Audit noted that the Unit failed to maintain a database to record all aid monies received and disbursed to recipients.

In the absence of a database, vital information is not readily available for its own and other stakeholders' use.

Recommendation

The Unit should prepare and maintain a database to record all Aid money received and disbursed, and make use of the database to improve capturing of data and its integrity.

Ministry's Comments

All cash receipts received in respect of aid funds is normally received and recorded at the Treasury Department. At this stage, the Aid Unit only records all aid funds released from its office. The need to set up a proper database is essential to recording all data at the Aid Unit level – the need to have a computer expert to work with the Aid Unit in setting this up is therefore required.

4.13 Grants – Absence of Contract Agreement & Acquittal Reports

The Agency administering a grant must enter into a grant agreement with any organization or person who either receives a one-off grant or ongoing grant assistance in excess of \$5,000. In addition, acquittal reports must be obtained before the next monthly or quarterly grants are paid out.⁷

Audit noted that there were no contract agreements between the Ministry and the grant recipients. Therefore recipients are not legally bound to comply with the requirements such as providing acquittal reports and that there is a risk that grants may not be utilised for their intended purposes.

⁵ Document on the Administration of ODA

⁶ Appendix 1 to the Ministry of Finance and National Planning Outputs

⁷ Section 25 (1) &(8) - Finance Instruction 2005

The Principal Economic Planning Officer [PEPO] explained that the contract is normally drawn up and entered into by the paying Ministry and the recipient. The Ministry of Finance had been attempting to obtain copies of these agreements for its record however it had not been successful.

This issue has been highlighted in the previous years audit memorandum but the Ministry has not taken effective actions.

Recommendations

For all grants paid, the Ministry should ensure that:

- **contractual agreements, specifying the accountability and reporting requirements, are drawn; and**
- **acquittal reports are submitted by the grant recipients.**

Ministry's Comments

Normally, contracts/Agreements/MOU's are only drawn up between the donor and the recipient. The Aid Unit really has no business in this contract other than as a conduit of channelling donor funds to the recipient. The onus is on the recipient to provide the Aid Unit a copy of the contract/Agreement/MOU by which the Aid Unit can endeavour to track progress of the project.

The provision of acquittals reports by recipients to the Aid Unit is now a requirement (from 2007) to accessing further donor funds for any particular project/programme. This ensures that funds previously released ties up with the acquittal report and progress measured.

4.14 Centrally Managed Trust Fund [CMTF]

Centrally Managed Trust Fund Account [CMTFA] is an aid trust account which records all the funds received on behalf of Ministries/Departments from donor agencies. Upon request, the Ministry of Finance issues a Departmental Warrant [DW] which conclude the Ministry's role in relation to such funds.

4.14.1 Monthly Reconciliation – Centrally Managed Trust Fund (CMTFA)

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer.⁸

The receipt and payment of trust money should be recorded in a separate cashbook or set of ledger accounts.⁹

The Ministry's Main Trust Fund account comprises of two trust accounts namely, the Centrally Managed Trust Fund (CMTF) account and the Government Supplies Performance Bond Trust Fund.

As per Finance Circular 21/2006, the CMTF accounts were to be closed and the balance to be transferred to the Consolidated Revenue account. However, audit noted that as at 31 December 2007, the CMTF account was still active and had a balance of \$8,727,489.

⁸ Section 69 (3) of Finance Instructions 2005

⁹ Section 69 (2) of Finance Instructions 2005

It was noted that no monthly reconciliations were prepared for the CMTF account. The last reconciliation prepared dated 31 March 2006. Verification of the fund balance to the General Ledger noted a variance of \$23,483.

Below is the summary of the Centrally Managed Trust Fund account balances for the last 3 years:

TABLE 4.5: SUMMARY OF CMTFA BALANCES FOR THE PAST THREE YEARS

Year	Account Reconciled	Fund Account Code	Year Ending Balance \$	Comments
2005	Centrally Managed Trust Fund	1-04103-04999-890103	5,790,828.29	<ul style="list-style-type: none"> Reconciliation prepared from Operating Trust Fund 1 account.
2006	Centrally Managed Trust Fund	1-04103-04999-890103	8,217,028.09	<ul style="list-style-type: none"> Reconciliation prepared up till 31/03/06. Funds transferred to the newly created main trust fund account from 01/04/06. Current account code 1-04103-04999-890103 is deactivated. 15/10/06 – directive to close off account. As at 31/12/06 aid funds still being receipted into this fund account.
2007	Centrally Managed Trust Fund	9-04103-04070-890103	8,727,488.93	<ul style="list-style-type: none"> No reconciliation prepared for the year ending 31/12/07. As at 31/12/2007 funds still being receipted into this account with \$26,328.02 aid monies transferred to this account instead of crediting it to consolidated revenue.

There was no separate cashbook or receipts and payments prepared for the CMTF account. The Aid monies were all being recorded through the Reserve Bank's cashbook, together with other funds receipted into the Central Bank's cashbook. In addition there is no database maintained by the Ministry to keep track of all aid monies received from donor agencies.

The Officer-in-Charge of the Main Trust Fund revealed that due to the large composition of these aid monies, preparing monthly reconciliation and maintaining a cashbook becomes a time – consuming and a complex task.

Recommendation

The Ministry should ensure that monthly reconciliations are prepared and a separate cashbook is maintained in accordance with Finance Instruction 69.

Ministry's Comments

The reconciliations to December 2007 were prepared by Treasury staff to reflect funds remaining in CMFTA. \$8.7m as per GL records depicts “actual” monies that are available in the CMFTA. This \$8.7m has come about due to funds being receipted and used/issued to Mins/Depts (recipients). A monthly update has been provided since December 2007 and the Aid Unit with Treasury is in the process of clearing out the CMFTA.

It should also be noted that Aid Unit staff are not accounting officers and therefore not trained to carry out reconciliations. It is only with the assistance of the Treasury staff that much work has been done to close the CMFTA and attempt to clear out balances that remain

4.14.2 Operation of CMFTA

The Finance Circular 21/2006 directed amongst other matters for the Centrally Managed Trust Fund Account to cease from 15 October 2006. The decision to close the Account was made because of the need to align the grants with the budget and allow close monitoring.

Contrary to the above, audit noted that the CMFTA continued to operate by the Ministry of Finance. Table 4.6 below provides details of the credits made to the trust account:

TABLE 4.6: DETAILS OF CREDITS MADE TO CMFTA

Date	DW No.	Donor	Payee	Amount \$
15/02/07	007/07	NZAID	DPP's Office - For supplementary salary	54,035.00
20/03/07	015/07	Melbourne University	Health - For FIPP Project	125,738.11
28/03/07	010/07	SPREP – Samoa	DoE - For PICCAP	165,525.51
03/04/07	022/07	UNDP & NZAID	Education – For Citizenship Education Project	52,826.86
	050/07	UNESCO	Education – For Participation Programme Assistance	133,855.70
19/07/07	057/07	UNFPA	Bureau of Statistics - For 2007 Population Census	95,102.23
07/09/07	078/07	UNFPA	Bureau of Statistics For 2007 Population Census – Publication, Printing & Data Collection	264,000.00
04/10/07	086/07	QMIR	Ministry of Health - For Fiji Pneumococcal (FIPP)	60,027.29
09/10/07	089/07	UNCCD	Agriculture - For Combating Land Degradation in Fiji	83,387.64
09/10/07	090/07	UNICEF	MWSW & H - For Pacific Children's Programme	196,462.00
16/10/07	096/07	ACIAR	Agriculture For improving the value of land use for smallholder agriculture	70,283.96
18/10/07	100/07	UNDP & NZ Aid	Education – For Citizenship Education Project	209,671.49
13/12/07	114/07	UNFPA	BOS - For data collection	108,188.24

The above indicates that the grants have yet to be incorporated in the budget system.

Ministry's Comments

To date the CMFTA is closed. The CMFTA was unable to be closed in 2007 due to the following reasons:

- *There were insufficient funds in the Small Grants Scheme allocation to cater for all aid monies received in 2007.*
- *Some of funds put in by donors were envisaged to be used in 2007 and beyond.*
- *Large funds received post August 2007 could not be posted to Consolidated Revenue as it was found the project/Mins/Dept would be unable to utilize all the funds before the end of December 2007.*

4.15 Chinese Government Grant – Variance in Account Balance

In accordance with section 176 of the Constitution, public money is to be paid into the Consolidated Fund, unless – it is payable, by or under a written law, into another fund established for a specific purpose; or it may, by or under a written law, be retained by the authority receiving it for the purposes of defraying the expenses of the authority.¹⁰ All cash grant are required by law to be deposited directly into Consolidated Revenue.¹¹

An amount of US\$5m was received as Chinese Government Aid by the Prime Minister's Office on 27 June 2007. A separate bank account was opened for aid.

Scrutiny of the records maintained at the Prime Minister's against the FMIS general ledgers (GL) noted a variance in the two account balances:

Bank Statement of 27/02/08	-	\$6,082,955
MOF General Ledger	-	\$ 8,172
Variance	-	<u>\$6,074,783</u>

The PM's Office explained that the difference was due to the late creation of the trust account in the GL system, but Ministry of Finance revealed that the GL account was created on 22 May 2007 when the approval was given to the Prime Minister's Office.

As this aid fund was deposited into a trust account and not into the consolidated fund, it will not be reflected as revenue of government, but as a trust fund.

Recommendation

The Ministry of Finance should ensure that all funds received through aid are deposited into the Consolidated Fund and released through the normal budgetary process to allow the funds to be included in the government accounts.

Ministry's Comments

At the request of the Prime Ministers Office, the account was approved to be established outside the CFA to fast track road upgrading projects following the recent flooding and very heavy rains. Past experience shows that delays due to the release of funds hampered the successful completion of projects. This alternative was to ensure speedy implementation of works approved by the Prime Minister. Control measures such as competitive tenders ensured that funds would be utilised for the purpose under which the funds were granted.

With limited financial resources at that point in time, the Chinese grant provided some relief and as such the account was opened to cater for the immediate need.

4.16 Head 50 – Miscellaneous Services

4.16.1 Expenses met from General Reserve

The funds allocated under general reserve were in respect of contingency provision for unforeseen expenses (both operating and capital) including legal and administrative expenses of capital projects.¹²

4.16.1.1 RFMF's Excess Expenditure

¹⁰ Section 10 - Financial Management Act 2004

¹¹ Finance Circular No.21/2006

¹² Budget Estimate 2007 [50-1-17(3)].

No retrospective approvals will be entertained and Ministries/Departments are, therefore, requested to ensure that funding is available before incurring expenditure. Any purchase order/voucher that will not be paid by 31/12/07 will need to be recommitted against the department's 2008 budget.¹³

Audit noted that on 24/02/08, the Republic of Fiji Military Forces (RFMF) requested for an additional sum of \$1,109,257 to meet their 2007 outstanding commitment. It was explained that the request which was subsequently approved by the Ministry was made because RFMF had overspent their 2007 Budget. The amount was paid out from Head 50 Miscellaneous Services as a new item under General Reserve.

Although the expense was regularised and charged to Head 50 the expenses are not reflected in RFMF's records. Thus RFMF's expenditure is understated and would not reflect a true record of its spending.

Recommendations

- **The Ministry of Finance should have redeployed funds to RFMF so that the expenditure is reflected under RFMF rather than Head 50.**
- **The Ministry of Finance should ensure that it complies with its own regulation regarding procedures to the closure of accounts.**

Ministry's Comments

In order to comply with the timeline for closing of accounts funds could not be redeployed to RFMF's accounts.

4.16.1.2 Out of Court Settlement

The Attorney General is the chief legal advisor to the Government. He is assisted by the Solicitor General, who is also the Chief Executive Officer of the Office.¹⁴ The Attorney General's Chambers provide services to all Government Departments, irrespective of whether they have in-house legal officers or not.

Audit noted that the Republic of Fiji Military Forces made a payment of \$84,000 as an out of Court settlement to the estate of Mr. Jone Davui. However, this expenditure was charged to the General Reserve instead of being charged to the RFMF expenditure.

Furthermore, it was noted that the payment was made without any consultation or advice obtained from the Solicitor General's Office.

The above indicates that the General Reserve is being used to clear some over-expenditures of Ministries/Departments.

Recommendation

The Ministry of Finance should have redeployed funds to RFMF rather than charging some expenditures to Head 50 so that it reflects the correct expenditures for the respective allocations.

Ministry's Comments

Funds under Head 50 are for contingency purpose hence when Ministry of Finance disburses funds to any government agency to meet unforeseen expenses; funds are not redeployed to that Ministry or Department. Departmental Warrants are issued from Head 50 to the Ministry/Department to meet the additional expenditure. The respective Ministry/Department clears departmental Warrants through the IDC.

¹³ Finance Circular 21/2007 – 2007 Closing of accounts Procedures : 9.4 & 7.1.6

¹⁴ Roles and Functions of the Attorney General's Chamber

4.16.1.3 Legal Consultants Fees

Any misallocation/over expenditure must be regularized prior to 11th January 2008. All supplementary journals must be submitted no later than 11th January 2008.¹⁵

Costs of legal fees are provided for in the budget estimate under Heads 3 and 50 *Office of the Attorney General and Solicitor General and Miscellaneous Services - Consultants and Experts - Ministry of Finance* respectively.

An amount totalling \$390,104 was charged to Head 50 *Miscellaneous Services- consultants and experts vote* to meet the Legal Consultants Fees who were engaged for the court cases against the Interim Government.

It was noted that the two votes above were exhausted, thus a further \$91,368 as Legal Consultants Fees was charged to *General Reserve* [50-1-1-7(3)].

Recommendation

The Ministry of Finance should have redeployed funds to Head 3 Solicitor General under the legal consultants vote instead of Head 50.

Ministry's Comments

Funds under Head 50 are for contingency purpose hence, when Ministry of Finance disburses funds to any government agency to meet unforeseen expenses funds are not redeployed to that Ministry or Department. Departmental Warrants are issued from Head 50 to the Ministry/Department to meet the additional expenditure. The respective Ministry/Department clears departmental Warrants through the IDC.

4.16.1.4 Payment of Per-diem and Travel

A total of \$182,595 was provided in the 2007 revised budget to meet Overseas Travelling Costs for Ministers.¹⁶

Audit noted that the per-diem and the travel costs for Ministers were charged to SEG 7 - *General Reserve* instead of SEG 3 - *Overseas Travelling Costs for Ministers*. The details of the costs charged are as follow:

TABLE 4.8: COST CHARGED TO GENERAL RESERVE (SEG 7)

Reference	Amount \$	Remarks
JV 275/12/07	988.34	Per-Diem Allowance for Mr. M. Chaudhry for official Trip to Japan
JV 276/12/07	39.64	Shortfall in air fare for Minister of Finance on his trip to Washington.
DW 112/07	31,555.56	PM's trip to middle East accompanied by his wife 10/12/07 – 24/12/07

The above indicates the laxity of the Officer responsible for not utilizing the mechanism available (virement of funds) so that the expenditure is expensed and charged to the correct vote.

¹⁵ Finance Circular 21/2007 – 2007 Closing of accounts Procedures : 3.2 & 11.2

¹⁶ 2007 Revised Budget Estimates Approved

As such, actual expenditure incurred under SEG 3 - Minister's Travel vote is understated whilst the expenditure under SEG 7 – General Reserve is overstated by the same amount.

Recommendation

The Ministry of Finance should ensure that funds are vired to the required vote to facilitate charging of expenses to the correct vote.

Ministry's Comments

The comments are noted and Ministry of Finance will ensure that in the future necessary book adjustments are done before release of funds from Head 50.

4.17 Financial Management Reform

4.17.1 Accrual accounting

The Finance Instructions may make provision for the adoption of accrual accounting principles, policies and procedures for the whole of government reporting or budget sector agency reporting or both.¹⁷

Audit review of the Financial Management Reform Framework and the Ministry's policy guidelines revealed that the intentions expressed in the Act regarding the move of government accounting from cash basis towards accrual has not been clearly outlined or planned.

Although the implemented FMIS system is able to facilitate the move of the accounting reporting format from cash basis to accruals, the policies and guidelines together with capacity building for accounting staffs is still lacking.

Recommendation

The adoption of the Cash Basis IPSAS is foremost the major stepping stone in the move towards accrual accounting.

Ministry's Comments

The Financial Management Act not only allows for the adoption of accrual accounting principles but also allows for a phased implementation approach. Given the current capacity constraints in Government particularly in the accounting cadre, we expect to comply with the IPSAS in 2010 for the 2009 accounts. The Ministry is currently focused on ensuring that the FMIS and the ER are able to generate the financial reports (under the cash basis) at the whole of government level and at the agency levels that are required under the Finance Instructions before we adopt the IPSAS.

4.17.2 Assessment of Approved Initiatives implemented

The six (6) month, twelve (12) month and three (3) year assessments of the impact of the reform should be undertaken.¹⁸

¹⁷ Section 26 Financial Management Act 2004

¹⁸ Annual Corporate Plan 2006 & 2007

Enquiry about the assessment of the various reforms implemented revealed that although the steering committees have been updated on their progress at various stages, the assessment report on its impact for the 6 month, 12 month and 3 year were not compiled.

Discussions with the Ministry's officials highlighted that apart from their regular updates to the FMR steering committee this year, they also intend to conduct an independent post implementation assessment.

Recommendation

Assessments as specified in the annual corporate plan should be conducted.

Ministry's comments

While this was the intention, it should be noted that the financial authorities and initiatives that were delegated to permanent secretaries were withdrawn in December 2006 as a means of controlling government expenditures. These authorities have not been released thus making it difficult to assess whether these reform initiatives have been effective or not.

4.17.3 Training and Capacity Building

Training and Capacity Building is one of the four major components of the current financial reform. Training is conducted at all levels to ensure the sustainability of the changes.¹⁹

Interview conducted with the FMIS administrators and users revealed the susceptibility of the Ministries and Departments in effectively using the new system. It has also been expressed at the FMR Steering Committee that the effort of the FMIS training committee is not enhanced given the resistance and non participation of target groups. The Committee has not met regularly since December 2006.

Furthermore, reshuffle of trained staff and 'Change leaders' around the service does not auger well with the capacity building exercise.

Recommendation

The considerations of the behavioural aspects of the users and the civil service at large in developing training and capacity building programmes should be increased.

Ministry's comments

It was upon the individual ministries to identify the officers that were involved in the FMIS processes and to ensure that these officers attend the FMIS training. The FMIS had also circulated training manuals for each of the modules and had set up the FMIS helpdesk Unicenter which users can use to log problems and seek solutions. These facilities have not been effectively used by the FMIS users.

In addition, the FMIS Unit is undertaking an exercise to review the process flow for each module from 30/6 – 11/7. Based on the findings and recommendations identified from this exercise, FMIS will then develop a training strategy to ensure that the findings and recommendations are addressed and financial processes improved.

¹⁹ FAQ: Guide to the Financial Management Reform Policy Framework

4.18 Surcharge

4.18.1 Pending Surcharge Cases

A surcharge may be imposed on an officer who is directly or indirectly responsible for unauthorized expenditure, damage, theft or loss of property and for loss of money.²⁰ A surcharged person may appeal to the surcharge appeal authority against the surcharge within one month after being notified of the surcharge or a longer period allowed by the authority.²¹

Audit noted that some surcharge cases for 2002 to 2006 which were reflected in the previous Auditor General's Reports are still pending. **Appendix 4.2** to this report provides a list of pending cases.

Moreover, audit noted instances where considerable length of time was taken to communicate the surcharge decision to the officers concerned. Refer Table 4.9 below for details:

TABLE 4.9: TIME TAKEN TO COMMUNICATE THE SURCHARGE DECISION

Officer	Ministry/ Depart.	Solicitor General's Advice to Surcharge	Initial Surcharge Letter Issued on	Date of Appeal	Final Decision On	Remarks
NX761- Ramasi V	PWD	08/07/2000	11/02/04	08/03/04	17/05/04	Overlooked
JF951 Shiek Mohammad	PWD	22/07/03	29/08/03	-	01/10/03	Cost of repairs was requested from department delaying the process.
HT612 Ilaitia B	PWD	21/06/06	21/08/06	-	14/11/06	Cost of repairs was requested from department delaying the process.
18831-Lisa Raratabu	Lands	-	21/11/03	24/11/03	15/03/04	Old Case and cannot remember offhand what caused the delay.
61701- Semeti Vukivuki	Government Supplies	-	13/05/03	10/06/03	12/05/04	Old Case and cannot remember offhand what caused the delay.

It is obvious that the backlog will continue unless the processes applied are reviewed and strengthened.

The above issue was highlighted in the previous (2006) audit memorandum, however there has not been any improvement to date.

Recommendation

Stringent and immediate measures need to be applied by the surcharge authority in their follow up with Ministries/Departments to have these pending cases cleared.

Ministry's Comments

The recommendation is noted. Efforts are made to process the surcharge cases on time however, there may be instances where some cases are delayed due to circumstances surrounding the case and which requires further investigation and documentary evidence to fairly dispose of such case.

²⁰ Finance Instructions, Section 74 (1) (a-c)

²¹ Finance Management Act 2004. Section 69

4.18.2 Rate and Period of Recovery Applied

The rate of recovery from the salary or wage of an officer or employee must not be less than 5% of their net salary or wages (that is, gross after tax) or \$50.00, whichever is the lower. Any surcharge recovery shall be made in full within five years from the date of the surcharge or for a longer period as approved by the Chief Executive Officer, Finance.²²

Contrary to the above regulation, audit noted instances whereby the rate of recovery applied is less than \$50 and the recovery period has exceeded five years. Refer to Table 4.10 for examples:

TABLE 4.10: RATE OF RECOVERY IS LESS THAN \$50

EDP/FNPF No.	Name	Type of Surcharge	Rate of Recovery \$/fn	Surcharge Amount \$	Full Recovery Period
HM 386	Josaia Rasilawale	Vehicle Misuse/Accident	20	7,928.00	15 years
48836	Vilimaina Nabulagi	Loss of Laptop	20	3,333.00	6 years
53660	Peter Zinck	Non delivery of items	120	50,316.94	16 years
51200	Laveni Tacikalou	Vehicle Misuse/Accident	20	5,909.87	11 years
77106	Isemeli Kunabuli	Vehicle Misuse/Accident	25	12,553.90	19 years
HF 256	Iliesa Cagilevu	Vehicle Misuse/Accident	10	14,251.83	55 years
JS571	Amani Vateitei	Vehicle Misuse/Accident	10	2,331.00	9 years
UK 310-1	Suresh Chand Singh	Vehicle Misuse/Accident	10	1,905.14	7 years

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

Recommendation

The Surcharge Authority should ensure that the applicable surcharge rate as stipulated is applied so that the amount is cleared within five years.

Ministry's Comments

The applicable surcharge rates are used taking into consideration the officer's other commitments and take home pay. In cases where unestablished employees are concerned, the Employment Act, Section 51 (3) is applicable wherein the total deduction of more than 50% is not permissible.

This Ministry will review the rate of recovery, and increase the deductions if possible, in accordance with section 68 (1) of the Finance Management Act 2004.

4.19 Motor Vehicle**4.19.1 Follow Up on Solicitor General's Advice**

The accident report, Police report (if available), Solicitor General's advice and the Deputy Secretary Finance's [Administration] recommendations will all be taken into consideration by the surcharging authority before any surcharge is imposed.²³

Audit noted that a large number of accident cases were yet to be resolved since the Solicitor General's advice regarding such incidents were yet to be received. The following accident cases were still awaiting the Solicitor General's advice:

²² Section 76 - Financial Instructions 2005

²³ Section 12.6.8 – Finance Manual 2005

TABLE 4.11: CASES AWAITING SOLICITOR GENERAL'S ADVICE

Year	No. of Cases	Costs of Repair \$
2001	85	217,954.64
2002	126	184,066.09
2003	91	270,334.30
2004	123	211,170.28
2005	191	412,496.04
2006	201	310,230.61
Total	817	1,606,251.96

The Vehicle Control Unit did not consistently follow up on their submissions to the Solicitor General's Office to impose surcharge penalties.

The delay in implementing surcharge action can result in the unlikelihood of recoveries since the negligent officers may no longer be employed in the civil service or their cases declared statute barred due to the lapse in time. Non enforceability of surcharge recoveries results in losses to Government as it has to meet the maintenance and related costs to damaged vehicles and compensation to injured parties.

Recommendation

The Vehicle Control Unit should consistently follow up with the Solicitor General regarding its submissions to surcharge liable officers.

Ministry's Comments

Ministries and Departments submitted their Accidents Reports to Solicitor Generals Office, and copy to the Ministry of Finance. Once we receive a copy of the Accident Reports from Min/Dept we follow up with SG's Office, requesting them for an earlier advice so that it is disposed off satisfactorily.

Despite our follow up and repeated reminders, the SG's Office response is very slow, which resulted in the increase of pending accidents cases.

We will follow-up with the Solicitor Generals office, and request them to be prompt in advising us to avoid Statute Barred of Accidents cases.

4.20 Head 52 – Charges on Public Debt

4.20.1 Fiji Sports Council Loan Agreement

Cabinet agreed in its decision dated 30/08/05 that:

- (i) Government repay Fiji Sports Councils loan from the FNPF with an amount of around \$321,000 to be paid as instalment due for 2005, and a budget submission by the Ministry of Youth, Employment Opportunities and Sports to the Ministry of Finance and National Planning on budgetary allocation for FNPF repayment beginning 2006 until 2014;
- (ii) A loan agreement between the Council and Government be drawn to facilitate repayment by the Council of the total sum paid by Government to FNPF, consistent with the Financial Management Act, 2004.

Audit noted that Government is paying \$356,397.52 per year to FNPF on behalf of the Fiji Sports

Council (FSC). However, as at the date of audit,²⁴ neither a loan agreement exists between the Government and the FSC nor has the loan repayment begun by FSC to the government.

Despite a letter by Ministry of Finance dated 26/07/07 (almost after 2 years) on the drawing up of the agreement with FSC, no further developments have been noted. Audit questions the delay in initiating the Cabinet decision and the repayment that was to have commenced from 2006.

This indicates violation of the Cabinet decision and the non-effective monitoring by the Ministry of Finance in securing an agreement and for the commencement of repayments.

Recommendations

The Ministry should ensure that:

- **An effective agreement on the 2005 financials or budgeted forecasts is drawn;**
- **Commencement of repayment by the FSC to the government is effected at the earliest;**
- **FSC budgeted forecasts are scrutinized yearly for their financial viability to repay government.**

Ministry's Comments

Comments not received

4.21 VAT Reconciliation

Subject to the provision of the VAT Decree 1991, the tax shall be charged in accordance with the provisions of this decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji goods and services, by a registered person in the course or furtherance of a taxable activity carried out by that person, by reference to the value of that supply.²⁵

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$1,973,316 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer below for details:

Details	Amount \$
Total expenditure/income as per Expenditure Statement	60,743,799
Less: Expenditure not subject to VAT – Operating Grant	51,110,000
Total expenditure/income subject to VAT	9,633,799
Less: Total taxable supplies as per VAT Returns	7,660,483
Un-reconciled variance	1,973,316

No explanation was provided for the variance.

Recommendations

- **The Office should review its VAT records and reconciliations and provide explanations for the variances.**

²⁴ 30 May 2008

²⁵ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)

- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the Financial Management Information System – General Ledger.**

Ministry's Comments

Comments not received

NATIONAL PLANNING OFFICE

4.22 VAT Reconciliation

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$161,741 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer below for details:

Details	Amount \$
Total expenditure/income as per Expenditure Statement	5,899,478
Less: Expenditure not subject to VAT – Operating Grant	4,615,549
Total expenditure/income subject to VAT	1,283,929
Less: Total taxable supplies as per VAT Returns	1,122,188
Un-reconciled variance	161,741

No explanation was provided for the variance.

Recommendations

- **The Office should review its VAT records and reconciliations and provide explanations for the variances.**
- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the GL.**

Office Comments

Comments not received

4.23 FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.²⁶

The current rate of contribution is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents.

²⁶ Chapter 219 – Fiji National Provident Fund – Section 13 (1)

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF THE FIJI ISLANDS – OCTOBER 2008
A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variances as follows:

Details	Amount \$
(a) Total FNPF against salaries and wages for 2007:	
FNPF as per financial statement	73,290.44
Less: December 2006 FNPF	8,364.80
	64,925.64
Add: December 2007 FNPF	6,026.08
FNPF for 2007	70,951.72
Gross Pay subject to FNPF (FNPF for 2007 * 0.08)	886,896.50
(b) Salaries and Wages for 2007 subject to FNPF	
Salaries, wages and allowances as per financial statement	947,898.61
Less: Salaries, wages and allowances for 2007 subject to FNPF	3,403.62
	944,494.99
Un-reconciled Variance	(57,598.49)

No explanation was provided for the variance.

Recommendation

The Office should review its FNPF records and reconciliations and provide explanations for the variances.

Office Comments

Comments not received

BUREAU OF STATISTIC

4.24 Payroll Records

(1) Wages Reconciliation

The Accounting Head must ensure that payroll reconciliations are carried out fortnightly for salaries and weekly for wages and copies sent to the Ministry of Finance.²⁷

Contrary to the above provision, it was noted that the Department failed to prepare and submit the wages reconciliation since 2005.

In the absence of the wages reconciliation, the Department would be uncertain as to whether the wages paid and the deductions made in respect of wage earners are correct and accurate. Further, the risk of unauthorised and or fictitious payments could exist without being detected.

(2) Salary Documents Not Properly Filed

The quadruplicate copy of the P4-1 slip is to be filed in the employee's salary file.²⁸

²⁷ Section 26 (7) - Finance Instruction 2005

Audit noted that the P4-1 form for the staffs were not being filed in the respective staff personal files but were stacked in a carton along with other salary related documents.

(3) Salary Files were not Maintained for GPS Operators

The Administration Officer shall provide a letter of appointment to all new salary employees.²⁹ The Letter of Appointment shall be forwarded to the salary clerk who shall create a salary file and issue an Electronic Data Processing [EDP] Number for that employee³⁰.

It was noted that salary files were not created for the GPS Operators who were employed for the project. Further it was not possible to verify the authenticity of those that were engaged and paid from the project funds as there was not any confirmed record of appointments made available.

While the department understands the importance of preparing reconciliations and maintaining proper and relevant payroll records, the insufficient manpower was the main deterring factor.

The department must also note that without reconciling and maintaining payroll records, it may not be certain about the correctness and accuracy of payments made and that fictitious payments may occur without being detected.

Recommendations

The Department should:

- **Vigorous pursue with PSC the need for additional manpower in the Accounts and Administration section,**
- **ensure that Finance Instruction 26 and Part 4.11.6 of the Finance Manual 2005 are strictly complied with, and that all relevant salary documents are maintained in the respective officer's salary files, and**
- **That action is taken against persistent offenders.**

Department's Comments

We totally agree and truly admitted that wages reconciliation were not done. Currently a temporary officer has been assigned to do all the reconciliation and has not started with the wages reconciliation. Once all the Trust Fund Account, Drawings Account, Salary, and IDC Account are fully completed, then the Officer will start with the wages reconciliation.

P4-1 slips for staffs and other salary related documents were stacked in a box pending filing and now they are all filed in the officer's respective files.

The Department admits that the salary files for individual GPS Operators were not maintained. Appointment Letters were issued for all operators appointed but were not individually filed. Recommendation is noted and will be implemented by the Department.

4.25 Honorarium Payments

²⁸ Section 4.11.6 (iii) of FIBOS Finance Manual 2005

²⁹ Section 4.1.1, Finance Manual 2005

³⁰ Section 4.1.2, Finance Manual 2005

The payment of Honorarium Allowance shall be in cases where services are genuinely and urgently needed and prior approval should be obtained from the Public Service Commission for eligible civil servants who may request payment of Honorarium Allowance.³¹

The Permanent Secretary of the Public Service Commission granted approval to the Government Statistician for the honorarium payment to be made to the staffs who worked very long hours during the 2007 Population and Housing Census preparatory work and enumeration and post enumeration activities.³² The rate of payment to be made is as follow:

Category A - \$10 per hour (salary benchmark \$19523 - \$35000 p.a)

Category B - \$15 per hour (salary benchmark \$35001 - \$55000 p.a)

Category C - \$22 per hour (salary benchmark \$55001 - \$75000 p.a)

Despite the specific rates of payment approved by PSC, the Government Statistician directed that payments be made as follow:

TABLE 4.12: HONORARIUM PAYMENTS MADE

Date	Cheque No.	Name	Post	Amount \$
31/12/07	13782	Timoci Bainimarama	Census Commissioner	15,000
31/12/07	13786	Epeli Waqavonovono	Census Director	10,000
31/12/07	13792	Amenatave Rakanace	Principal Statistician (Household Surveys)	8,000
31/12/07	13797	Asikinasa T Raikoti	Principal Statistician (Coordination. & Development)	8,000
31/12/07	13799	Serevi Baledrokadroka	Senior Statistician (Households Survey)	5,000
31/12/07	13800	Lanieta Vakadewabuka	Statistician (Households Survey)	3,000
31/12/07	13788	Lemeki Baleinatovi	Census Accountant	3,000
31/12/07	13801	Shyam Narayan	Acting Statistician (Coord. & Development)	2,000
31/12/07	13802	Kalesi Ratuwara	Census Administrative Officer	2,000
TOTAL				56,000

It was not possible to substantiate the amounts paid as the record of additional hours worked for each officer were not produced for audit.

Maintaining proper and relevant records to support payments is essential so as to prove the authenticity of such payments. Without these supporting documents, the accuracy of the payments made is questionable.

Recommendation

The Department should abide by the PSC decision on the honorarium rates to be paid.

Department's Comments

In the population and housing censuses of 1976, 1986 and 1996, honorariums were paid to the Census Commissioners and the Census staff. In 1996, the Commissioner received an honorarium of \$10,000 Fiji Dollars.

Preparation for the most recent census began in 2005 in anticipation of a 2006 census of population and housing. On advising the relevant Minister that of Finance in 2005 of the Government Statistician intention to conduct the 2006 Census of population and housing, he was directed to postpone the census until 2207 due to the fact that a general election was due in 2006.

³¹ PSC Circular No.24/2007 dated 06/08/07

³² PSC Circular 24/2007

The Office of the Government Statistician therefore took the years 2005, 2006 and a good part of 2007 to prepare for the census which was carried out in September 2007.

In its census budget for 2007, the Government Statistician had taken the honorarium payment into account. The approval of the census of population and honorarium payment was advised to the Government Statistician vide a letter dated 28 December 2007 (reference 29/171/21) from PSC.

In this communiqué there was a condition stated therein and I quote "Payments are to be made on hour-to-hour basis at the given rate instead of overtime hours of double time and time and half".

As there were no overtime hours logged, i had directed on 31 December 2007 the census accounts clerk to proceed with the payment as was originally requested and that which was not based on overtime hours but derived at based on my understanding of the definition of "HONORARIUM".

Please find attached a few definition of "honorarium" by several sources. Also please note that previous censuses population and housing honorarium payments were made under these definitions.

The amount of the payment was decided on the professional services rendered by the staff responsible for the census. As in the past censuses, the Commissioner of Census and its Director for Census evaluated the amount to be paid to each of the staff for the additional responsibility they burdened on top of their core activities which were not compromised. There was no logging of the additional hours worked.

The PSC Circular No. 24/2007 dated 06/08/2007 (file 29/06/41) stipulated the condition on "Honorarium Allowance for Civil Servants and determinant of payment".

I quote paragraph 2.0 of the circular "The payment of Honorarium Allowance is to be applied only during this current period of industrial unrest with effect from 24 July 2007 and under no other circumstances".

The census of 2007 was carried out under normal circumstances so the circular does not apply.

Honorarium Definition

A fee for services rendered by a professional

A payment in recognition of acts or professional services for which custom or propriety forbids a price to be set (The Merriam Webster Dictionary)

Voluntary payment for professional services for which a fee is not usually paid (Random House Websters easy subject dictionary)

4.26 VAT Reconciliation

Subject to the provision of the VAT Decree 1991, the tax shall be charged in accordance with the provisions of this decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji goods and services, by a registered person in the course or furtherance of a taxable activity carried out by that person, by reference to the value of that supply.³³

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$2,842,399 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer below for details:

Details	Amount \$
Total expenditure/income as per Expenditure Statement	7,665,067

³³ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)

Details	Amount \$
Less: Expenditure not subject to VAT – Operating Grant	9,298
Total expenditure/income subject to VAT	7,655,769
Less: Total taxable supplies as per VAT Returns	4,813,370
Un-reconciled variance	2,842,399

No explanation was provided for the variance.

Recommendations

- The Office should review its VAT records and reconciliations and provide explanations for the variances.
- Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the general ledgers.

Department's Comments

Comments not received

GOVERNMENT SUPPLIES DEPARTMENT

4.27 Outstanding Accounts Receivable

The AAO [Debtors] must promptly follow up accounts that fall due. If recovery is unsuccessful after one month, the following actions should be taken:³⁴

- No further credit should 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 should be issued demanding payment within fourteen days.

If a final notice had been issued to one of the debtors listed, the Senior Accounts Officer 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.³⁵

The European Union through the Ministry of Education provided funding for school building projects. One of the project contracts was awarded to Vanua Designs and Association which purchased building materials from the Government Supplies store in Labasa to cater for its needs.

Audit noted that this contractor owed the department a sum of \$111,396.72 for the materials supplied and this amount had been outstanding for more than a year. Although it was explained that the unpaid amount resulted from the early termination of the contractor's contract, it must be noted that the contractor is still liable for the materials that were purchased and supplied.

Had the Department been diligent in monitoring its receivables, the amount could have been recovered at an early stage.

³⁴ Sec 9.2.1 Government Supplies Finance Manual 2005

³⁵ Government Supplies Finance Manual section 9.2.4

Recommendation

The Department should refer this matter to the Solicitor-General to take immediate action against the company and thoroughly verify the credit worthiness of a customer[s] prior to selling them goods on credit.

Department's Comments

The company in question has written to this office on 12/03/08 advising that it is finalizing negotiations with EU concerning their contract and that payment is expected within the next two months. It should also be noted that this office is currently operating strictly on cash basis and only allows credit facilities to government ministries and departments.

4.28 Items transferred from Seaqaqa Stores not recorded in the Inventory Register

The storeman shall maintain the inventory register to record incoming and outgoing inventories. The storeman shall ensure that the register is kept up to date at all times.³⁶

Store items to the value of \$27,477 were held at the Seaqaqa store at the end of December 2007. Because of the insufficient staffing and low sales recorded, the store ceased its operation on 14/1/08, with food and the stationary items being transferred to the Town and Vatunibale Outlets respectively.

Audit noted that the items transferred to the two outlets were not properly recorded.



Stationeries from Seaqaqa were packed in Sacks at the Vatunibale Outlet

The items were not displayed for sales and were packed in sacks at the Vatunibale outlet. There is a risk that the items will become obsolete and incur losses through write offs to the Department.

Recommendation

The Department should ensure that movements of store items between stores/outlets are updated in the tally cards and placed in the shelf immediately to avoid becoming obsolete.

Department's Comments

The sale in Seaqaqa was increasing instead of decreasing as stated by your office. The outlet was closed because there was no Revenue Collector. All items were transferred to Labasa.

³⁶ Section 8.1.3&4 – Finance Manual 2005

4.29 Non-Recoverability of Advance Payment

Advance payment bond are demanded by the client from the contractor to safeguard the former's interest in materials goods and equipment which the client has paid for but not yet incorporated in the constructed work. In effect, the surety guarantees that the client will not suffer financial loss by paying for the materials, goods and equipment before that they are built into the work.³⁷

A local purchase order, indent, departmental warrant, contract or agreement must be issued before goods, services and works are received.³⁸

No payment shall be certified as correct unless it is accordance with an LPO, indent, contract, invoice or other authorisation and there is documentation that the goods, services or works have been received.³⁹

Audit noted that on 17/11/06, the Government Supplies Department made an advance payment of \$39,200 to Falekau (South Pacific) Ltd for the construction of the Vunisea Outlet, for which no formal contract was prepared.

Furthermore, it was noted that the Department prepared 3 cheques in advance for the 2nd, 3rd and 4th payments before the completion of the stages of work at the site and without the required documents attached to the payment vouchers.

Moreover, the Department could not recover an amount of \$15,065 from the 1st advance payment as the contractor, Falekau (South Pacific) Ltd, went bankrupt before the completion of the project with completed work worth only \$24,135 as assessed by the PWD Architect and Survey Section.

The above indicates that the Department had breached the procurement procedures in the award of contract and the lack of prudence in the issue of the advance payment without an advance payment bond. This resulted in the loss of funds to government totalling \$39,200.

Recommendation

Surcharge action should be taken against the officer(s) responsible for the advance payment.

Department's Comments

Comments not received

4.30 VAT Reconciliation

Subject to the provision of the VAT Decree 1991, the tax shall be charged in accordance with the provisions of this decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji goods and services, by a registered person in the course or furtherance of a taxable activity carried out by that person, by reference to the value of that supply.⁴⁰

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$398,203 between the taxable supplies as per VAT Return

³⁷ The Building Economist (Article) March 1997 p.31

³⁸ Section 17 (2) - Finance Instruction 2005

³⁹ Section 2.8.3 - Government Supplies Finance Manual 2005

⁴⁰ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)

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and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer below for details:

Details	Amount \$
Total expenditure/income as per Expenditure Statement	3,226,701
Less: Expenditure not subject to VAT – Operating Grant	---
Total expenditure/income subject to VAT	3,226,701
Less: Total taxable supplies as per VAT Returns	2,828,499
Un-reconciled variance	398,203

No explanation was provided for the variance.

Recommendations

- **The Office should review its VAT records and reconciliations and provide explanations for the variances.**
- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns agree with the general ledgers.**

Department's Comments

Comments not received

4.31 FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee by him/her and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.⁴¹

The current rate of contribution is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents.

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variances as follows:

Details	Amount \$
(a) Total FNPF against salaries and wages for 2007:	
FNPF as per financial statement	197,643.83
Less: December 2006 FNPF	22,489.12
	175,154.71
Add: December 2007 FNPF	17,262.00
FNPF for 2007	192,416.71
Gross Pay subject to FNPF (FNPF for 2007 * 0.08)	2,405,208.88
(b) Salaries and Wages for 2007 subject to FNPF	

⁴¹ Chapter 219 – Fiji National Provident Fund – Section 13 (1)

Details	Amount \$
Salaries, wages and allowances as per financial statement	2,501,102.63
Less: Salaries, wages and allowances for 2007 subject to FNPF	---
	2,501,102.63
Un-reconciled Variance	(95,893.75)

No explanation was provided for the variance.

Recommendation

The Office should review its FNPF records and reconciliations and provide explanations for the variances.

Department's Comments

Comments not received

GOVERNMENT PRINTING & STATIONERY DEPARTMENT

4.32 Purchases without issue of Local Purchase Order

A Local Purchase Orders (LPO) should be issued when procuring any goods, services or works from an organisation within Fiji, unless a contract or agreement has been entered into.⁴² Heads of Departments have a purchasing limit of up to \$5,000, while purchases of goods and items above \$5,000 and \$20,000 require the approval of the PS Finance, and the Major Tenders Board respectively.

Purchase Orders endorsed by authorized officers serve as the approval to purchase goods and services. It is also a form of internal control in ensuring that all purchases are approved by designated senior officers, before the order is issued to the supplier for the provision of goods and services.

Audit noted that some purchases were made by the Department without issuing local purchase orders to the suppliers. Further, the large payments made comprised of purchases where local purchase orders were split to comply with standing procurement regulations.

TABLE 4.13: PURCHASES MADE WITHOUT ISSUE OF LPO

Cheque No.	Date	Amount \$	Details
1205	23/02/07	29,386.00	Shantilal Brothers – Stationeries
001217	01/03/07	59,990.64	Kanvan Papers Ltd- Exercise Books
001218	01/03/07	15,856.72	Kanvan Papers Ltd- Exercise Books
1213	23/02/07	29,546.72	Mass Stationery – Stationeries
1461	27/07/07	4,500.00	Appliance World – Replace new 15HP motor in the Pump.

Furthermore, audit noted instances where goods were received prior to purchase orders being issued. Most of these purchases were made from Kanvan Papers, as follows:

TABLE 4.14: GOODS DELIVERED BEFORE THE ISSUE OF LPO

⁴² Section 2.5.1 – Finance Manual 2005

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Cheque Number & Date	Amount \$	LPO Number	LPO Date	Delivery Date	Details
1157 OF 07/02/07	3,690.00	PO91014-000416	30/01/07	25/01/07	Kanvan-216gsm Cottonwood Boards and 216gsm Almond Boards.
1190 OF 22/02/07	1,900.00	PO91014000414	30/01/07	19/01/07	Kanvan-Padding Glue 21kg
1308 OF 07/05/07	12,667.45	PO91014000489	17/04/07	23/03/07	Kanvan-80gsm SRAI Papers
1314 OF 08/05/07	15,277.25	PO91014000516 PO91014000514	26/04/07 26/04/07	19/02/07 17/04/07	Kanvan-1/Side cast coated boards 300gsm SRA1 Matuara Azure Laid 90gsm
1323 OF 11/05/07	5,268.20	PO91014000500	23/04/07	12/04/07	Kanvan-HP Inkjet No. 21 & 22
1415 OF 05/07/07	16,574.35	PO91011000170 PO91014000563	22/06/07 02/07/07	21/06/07 25/06/07	Kanvan-A4 Photocopy Papers and Process Black Inks, Cyan, Yellow & Magenta
1434 OF 13/07/07	3,251.25	PO91014000576	10/07/07	05/07/07	Appliance World-supply and refill gas

The Bookshop Manager confirmed that payments to Kanvan Papers Limited, Mass Stationery and Shantilal Brothers were necessary because the supply of the various stationeries and exercise books were made to meet the back-to-school demand. Purchase orders were later raised to enable the system to effect payments.

The splitting and issue of purchase orders at a later date to regularise payments defeats the existing internal control measures and reflects a blatant disregard of procedures. The procurement procedure is being abused by the officials of the Government Bookshop.

Similar occurrences were noted in previous audits but the department has not made any efforts to improve.

Recommendations

- **The matter should be thoroughly investigated and necessary action taken.**
- **Purchase orders should be issued for all purchase of goods and services and attached to the payment advice to confirm the veracity of purchases and to provide an audit trail,**
- **Staff must be informed of the significance of the issuance of the purchase order and its implications such as the probability of surcharge action being taken to recover unauthorized expenditures.**
- **Disciplinary action should be taken against officers for non compliance with rules and regulations.**

Department's Comments

Your recommendations are noted and respective officers have been directed to follow proper procurement procedures or, as you have rightly stated, face the probability of being surcharged.

As for the Kanvan, these were materials required for urgent jobs required by Ministries/Departments that were given to the Department for processing without prior notice.

For scheduled and planned jobs adherence to the requirements of Finance Manual 2005 is observed.

4.33 Miscellaneous Debtors

A register of debtors shall be maintained to record details of people or organisations that have been approved to buy goods or services on credit from the agency.⁴³

It was noted that for some credit sales that were made, the department failed to record specific and relevant client information. Although these credit sales were updated under 'Miscellaneous account' in the SSA Financial Management Information System, the absence of this relevant information had resulted in debtors not being identified and reminded to settle their dues.

Examples of such unidentified debtors are listed in Table 4.15 below.

TABLE 4.15: UNIDENTIFIED DEBTORS

Date	Invoice Number	Debtor	Amount \$	Remarks
23/08/06	1560	Saula T	3,809.25	No other contact
19/12/06	2901	?	781.87	No name or contact details of the customer
08/06/07	?	?	1,800.00	No name or contact details of the customer
Total			6,391.12	Appliance World-supply and refill gas

There will be further losses of revenue by the Department should appropriate information not recorded at the time of sales.

Recommendations

The Department should:

- ensure that important and relevant debtors information are captured at the time of sales;
- attempt to identify the above debtors and effect recovery actions immediately; and
- instigate surcharge actions against officers responsible for the above transactions if the debtors cannot be identified.

Department's Comments

Your comments and recommendations are noted. However, the debtor's clerks have been instructed to open individual debtors account in the system. We still have a handful to verify.

4.34 Variance in Estimated and Actual Costs of Printing Jobs

The estimated costs of printing jobs are calculated with the use of the print cost software. Although this is the responsibility of the Planning Department, actual costs are determined by the Coordination Department based on the hours worked by each division.

It was noted that in most of the costing, the actual costs were always lower than the estimates. For example refer to the table attached as **Appendix 4.3** to this report.

The difference between the estimated and actual costs can be attributed to the lack of coordination between the two departments. Furthermore, the Coordination Section does not carry out any analysis of the two costs after jobs were completed to establish reasons for the significant variances. The analysis, if carried out should assist future costing.

⁴³ Para 9.1.2 of Government Printing Finance manual

Despite the issue being raised continuously in the previous audit reports, management has yet to take corrective measures.

Recommendations

- The Department should ensure improvement in co-ordination and communication between the two Sections in order to minimize variances, and
- Analysis of the two costs should be conducted to establish the reasons for the significant variances and assist future costing.

Department's Comments

Work has already started on improving the costing and estimating system including the introduction of a Shop Floor Management module that will give the Planning Section and the Coordinators real-time data of jobs being processed in the factory. Inventory management will be later introduced into the system.

4.35 Overall Operations

While the Department caters for all printing requirements of the Government, its production and performance had been hindered either by machine breakdowns or by human errors. Analyses of the machine down time hours together with the costs are detailed in Table 4.19 below:

(1) Machine Downtime - 2007

TABLE 4.16: MACHINE DOWNTIME

Machine	Breakdown Period	Total Hours	Hourly Rate	Production Hours	Machine Downtime Hours	\$ Value on Downtime
Film Processor	March-October	2,368	6.69	592	1,776	11,881.44
Avantra	March-October	2,368	9.47	592	1,776	16,818.72
Guk Folder	January-October	2,960	9.60	Nil	2,960	28,416.00
Wizard	January-October	2,960	11.80	Nil	2,960	34,928.00
Stitching-Brehmer	March-October	2,368	4.47	592	1,776	7,938.72
R/Perfector	May-October	1,776	31.00	1,184	592	18,352.00
SM72	January-October	2,960	118.00	Nil	2,960	349,280.00
Kord	January-June	2,072	6.61	888	1,184	7,826.24
Practika	January-October	2,960	12.76	Nil	2,960	37,769.60
Total Hours and Value of Machine Downtime					18,944	513,210.72

As the Government's printing requirements is the responsibility of the Department, the significant cost of downtime hours is a major concern.

(2) Payment to Elite Printing

An NTM Board which costs \$4,837.50 was purchased from Elite Printing Services on the 29 January 2007 vide Purchase Order PO91016000048 and paid on cheque 1155 of 7/2/07.

Although the purchase and payment were made in January and February respectively, the item was not delivered until October 2007.

Upon enquiries, it was revealed that the old NTM Board was still in working condition and that there was no need to purchase a new one.

The above highlights a breach of the Finance Manual as payment was made before the goods were

Recommendation

The officers who authorised the purchase and approved the advance payments should be asked to explain.

Department's Comments

Payments were in order as long as evidence provided to Accounts. Advise was given to the Accountant by AGP(P) that the goods had been received. However, RPO and Engineers should take proper actions before endorsing for payment.

(3) Jobs Reprinted

Jobs undertaken by the Department should be thoroughly checked by responsible officers before printing to ensure that the job quality is of the customer's expectation. Moreover, proof reading by the customer should be made before the job is printed and is to be filed in the job bag.

A few instances were noted where the jobs undertaken by the Department were reprinted due to the poor quality that did not meet the customers' expectations. Refer to table 4.20 below for details:

TABLE 4.17: JOBS REPRINTED

Job No.	Description	Costs \$	Remarks
22/601A/07	Ministry of Finance Letter Head (1000) prints	\$195.19 E/C \$97.91 A/C	Reason- Wrong printing *no customer proof *no quote attached
02/AFF/07	Business Cards	\$168.53 E/C \$136.85 A/C	Reason- Wrong information from planners. *Customer proof not signed.
?	FJC Home Economics Paper		Reason- One page missing from the answer sheet, the examination unit for Ministry of Education highlighted this blunder.
?	FPSOC issue no. 16/2007 of 31 st August, 2007.		Reason- Vacancy Listings were printed without any vacancy numbers.
?	Poster Reprinted- Customer was not happy with the quality of work		Reason- Customer was not happy with the quality of work

Losses are incurred during reprints as costs are borne by the Department. These also delay the timely completion of other printing works which in most instances are completed through overtime by the production staffs. There are risks of the loss of customers and revenue as a consequence.

Recommendations

- **The Department should provide adequate training to staff to enable them to carry out their responsibilities efficiently and effectively.**
- **Proof reading should be obtained from the customers before the work is printed and action taken against those officers not complying with it.**
- **Responsible Officers should be surcharged the cost of jobs that are reprinted as a result of negligence.**

Department's Comments

Training has been on-going locally and abroad through annual scholarships offered by the Malaysian

Government. For some jobs Proof acceptability have been conveyed by customers over the telephone with instructions to proceed with their printing. However, when their products are delivered these customers refuse to accept them.

Officers found to have caused printing mistakes through negligence have been surcharged.

4.36 Unauthorised Procurements

A Local Purchase Order (LPO) should be issued when procuring any goods, services or works from an organisation within Fiji, unless a contract or agreement has been entered into.⁴⁴

In addition, the issuing of LPO's are to be reduced to essential items only by 07/12/2007⁴⁵.

Audit noted that some purchases were made by the Department without issuing local purchase orders to its suppliers. Refer to Table 4.21 for examples:

TABLE 4.18: PURCHASES WITHOUT ISSUE OF LPO

Cheque No.	Date	Amount \$	Supplier
1794	12/12/07	8,235.00	Kanvan Papers Ltd
1802	14/12/07	7,650.00	Mass Stationery Supplies Ltd
1850	24/12/07	14,820.76	Kanvan Papers Ltd
1861	28/12/07	10,403.13	Appliance World
1881	31/12/07	16,735.50	Island Bookshop

Furthermore, contrary to the Finance Circular 21/2007, the above purchases were incurred after the LPO cut-off date.

It was revealed by the Department that these purchases were made due to it being urgently needed to cater for the 'Back to School' sales demand.

The above payments tantamount to being unauthorised expenditure as no local purchase orders were issued for the procurement of such goods. The issue of an LPO at a later date to regularise payments defeats the intended internal control and reflects a blatant disregard of procedures. They also indicate a lack of foresight by the Department in anticipating its needs to ensure continuity of delivery of services.

LPOs are issued prior to obtaining goods/services corroborate that purchases made have been authorised. Goods and services received can also be verified against LPOs to ensure that only items ordered have been received in or within the approved quantities. Furthermore, unauthorized expenditure could lead to unnecessary expenditure, thus diluting the profit.

Recommendations

- **Purchase orders should be issued for all purchase of goods and services to confirm the veracity of purchases and that they have been authorized.**
- **Purchase orders should be attached to the payment advice to ensure an adequate audit trail.**
- **Staff must be informed of the significance of an LPO in the purchasing and payments process and the implications of non-compliance to regulations, such as the probability of surcharge to recover unauthorized expenditures.**

⁴⁴ Section 2.5.1 – Finance Manual 2005

⁴⁵ Finance Circular 21/2007 dated 12/11/07

- **The Department should be mindful of the closing date of LPO issue and pre-plan their expenditures, including the *Back-to-School* requirements.**

Department's Comments

Comments not received

4.37 VAT Reconciliation

Subject to the provision of the VAT Decree 1991, the tax shall be charged in accordance with the provisions of this decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji goods and services, by a registered person in the course or furtherance of a taxable activity carried out by that person, by reference to the value of that supply.⁴⁶

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$210,567 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer below for details:

Details	Amount \$
Total expenditure/income as per Expenditure Statement	3,398,607
Less: Expenditure not subject to VAT – Operating Grant	---
Total expenditure/income subject to VAT	3,398,607
Less: Total taxable supplies as per VAT Returns	3,188,039
Un-reconciled variance	210,567

No explanation was provided for the variance.

Recommendations

- **The Office should review its VAT records and reconciliations and provide explanations for the variance.**
- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns agree with the general ledger.**

Department's Comments

Comments not received

4.38 FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee by him/her and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.⁴⁷

⁴⁶ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)

⁴⁷ Chapter 219 – Fiji National Provident Fund – Section 13 (1)

The current rate of contribution is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents.

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variances as follows:

Details	Amount \$
(a) Total FNPF against salaries and wages for 2007:	
FNPF as per financial statement	143,291.32
Less: December 2006 FNPF	15,477.20
	127,814.12
Add: December 2007 FNPF	---
FNPF for 2007	127,814.12
Gross Pay subject to FNPF (FNPF for 2007 * 0.08)	1,597,676.50
(b) Salaries and Wages for 2007 subject to FNPF	
Salaries, wages and allowances as per financial statement	1,699,430.81
Less: Salaries, wages and allowances for 2007 subject to FNPF	5,000.00
	1,694,430.81
Un-reconciled Variance	(96,754.31)

No explanation was provided for the variance.

Recommendation

The Office should review its FNPF records and reconciliations and provide explanations for the variance.

Department's Comments

Comments not received

INFORMATION TECHNOLOGY & COMPUTING SERVICES

4.39 VAT Reconciliation

Subject to the provision of the VAT Decree 1991, the tax shall be charged in accordance with the provisions of this decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji goods and services, by a registered person in the course or furtherance of a taxable activity carried out by that person, by reference to the value of that supply.⁴⁸

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$1,334,511 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer below for details:

Details	Amount \$
---------	--------------

⁴⁸ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)

Details	Amount \$
Total expenditure/income as per Expenditure Statement	6,188,176
Less: Expenditure not subject to VAT – Operating Grant	---
Total expenditure/income subject to VAT	6,188,176
Less: Total taxable supplies as per VAT Returns	4,853,665
Un-reconciled variance	1,334,511

No explanation was provided for the variance.

Recommendations

- The Office should review its VAT records and reconciliations and provide explanations for the variance.
- Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns agree with the general ledger.

Department's Comments

Comments not received

PUBLIC ENTERPRISE

4.40 Non-Submission of Planning Documents and Reports

The Public Enterprise Act requires Government Commercial Companies (GCC) and Commercial Statutory Authorities (CSA) to prepare and submit to the Minister of Public Enterprises the following documents:

- Statement of Corporate Intent⁴⁹
- Corporate Plan⁵⁰
- Employment and Industrial Relation Plan⁵¹
- Half Yearly Report⁵²
- Draft Annual Report.⁵³

The above documents are important for the Department to effectively carry out its functions of monitoring and benchmarking the performance of GCCs and CSAs.

Audit noted that entities have not fully complied with the requirements of the Public Enterprise Act in relation to submission of plans and reports to the Minister of Public Enterprises These have been consistently highlighted in previous years audit reports.

As at the date of audit⁵⁴, the following entities have not submitted the required statements, plans and reports for the financial year ending 2007. Refer to Table 4.22 below for details.

TABLE 4.19: ENTITIES THAT HAVE NOT SUBMITTED THEIR REQUIRED REPORTS

GCC/CSA	Statement/Planning Documents	Half Yearly Report	Draft Annual Report
Airports Fiji Ltd	x		x

⁴⁹ Public Enterprise Act Section 90(b)

⁵⁰ Public Enterprise Act Section 91(1)

⁵¹ Public Enterprise Act Section 108 (5)

⁵² Public Enterprise Act Section 101(2)(a)

⁵³ Public Enterprise Act Section 102

⁵⁴ Date of audit – 12/03/08

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GCC/CSA	Statement/Planning Documents	Half Yearly Report	Draft Annual Report
Fiji Hardwood Corporation Ltd	x		x
Rewa Rice Ltd			x
Fiji Broadcasting Corporation Ltd			x
Unit Trust of Fiji (Mngt) Company Ltd			x
Food Processors Fiji Ltd			x
Yaqara Pastoral Company Ltd	x		x
Post Fiji Ltd			x
Fiji Ports Corporation Ltd			
Fiji Public Trustee Corporation Ltd	x	x	x
Fiji Ships & Heavy Industries Ltd			
Viti Corps Company Ltd		x	x
Public Rental Board			x
Housing Authority			x
Fiji Electricity Authority			
Fiji Meat Industry Board	x	x	x

x - Not Yet Submitted

The varying degree of compliance by the Government Commercial Companies and Commercial Statutory Authorities in the provision of information to the Minister of Public Enterprise have been an ongoing problem and raises the question of whether government commercial entities are committed to being transparent and accountable with their performance.

The untimely and non-disclosure of appropriate information may hinder the Department's ability to effectively and efficiently carry out its monitoring role.

Recommendation

The Department should take a stronger role in providing guidance to ensure that GCCs and CSAs meet the prescribed requirements of the Public Enterprise Act, particularly with the timely submission of reports other relevant documents that the Ministry needs to effectively carry out its monitoring role.

Management Comments

Department acknowledges the need to strengthen submission of corporate docs and will endeavour to better the submissions effective from the 2008 Half Year Reports requirement (August 2008). As part of the renewed efforts, a reminder circular was dispatched on 10 July 2008 indicating submission of the Half Year report from all entities by 31 July 2008;

Effective from 2008 also, Minister will sign off on the Statement of Corporate Intent with the Chairperson of each company on the Key Performance Indicators that the Board should be measured on for the financial year concerned. Delays were experienced in 2008 and the Ministry intends to rectify the process for the 2009 plans, with the ultimate target of receiving all finalised plans by 1 January 2009;

4.41 Delay in the Submission of Annual Reports

Within 4 months after the end of each financial year of a Government Commercial Company or Commercial Statutory Authority the Board shall give to the Public Enterprises Minister, the relevant Minister and the Minister of Finance⁵⁵

⁵⁵ Public Enterprise Act Section 103 (1)

- An annual report of the operations of the Government Commercial Company or Commercial Statutory Authority and those of its subsidiaries during that financial year; and
- Audited consolidated financial statements for that financial year; and
- The Auditor's report on those financial statements

Audit noted that a number of government commercial entities have yet to submit Annual Reports for the financial period 2006. Delay in the submission of Annual Reports has also been consistently highlighted in the previous audit reports. Refer to the following for examples:

- Fiji Hardwood Cooperation Ltd
- Unit Trust of Fiji (Management) Ltd
- Viti Corps Company Ltd
- Fiji Meat Industry Board
- Fiji Public Trustee Corporation Ltd

Annual Reports are key resources for financial reviews of the performance and operations of GCCs and CSAs and the purpose of submitting Annual Reports is to provide government through the Ministry of Public Enterprises information needed to examine the performance of government commercial entities.

Recommendation

The Ministry should investigate the delay in the submission of Annual Reports.

Management Comments

Department acknowledges the need to strengthen submission of corporate docs and will endeavour to better the submissions effective from the 2008 Half Year Reports requirement (August 2008);

Some factors have been identified for the delay which will be dealt with for the submission of the 2007 as well as the 2008 audited accounts and annual reports;

4.42 Executive Remuneration

Remuneration of Directors should be aligned to the guidelines set out by the shareholders while remuneration of key executives should be subject to the approval of the Higher Salaries Commission.⁵⁶

The Office of the Prime Minister has set the following on the remuneration of the Chief Executive Officers of the Government Entities depending on their size.⁵⁷

TABLE 4.20: PEGS ON REMUNERATION OF CEO'S OF GOVERNMENT ENTITIES

Remuneration Entitlement	Proposed Salary and Benefits
Basic Salary	\$70,000 - \$125,000 per annum gross.
Performance Bonus	Up to 6% of basic salary annually on specially formulated performance indicators/ measures
Housing Allowance	12% of salary
Telephone Allowance	\$1,200 per annum
Official Expense Allowance	\$1,000 per annum
Vehicle	Fully maintained Car or 4 wheel Drive depending on the size of the entity.
Superannuation	Standard
Insurance	50% employer's contribution to a life or medical insurance cover.

⁵⁶ Corporate Governance Policy Framework December 2003

⁵⁷ Cabinet Paper 287 dated 05/07/07

Audit noted that the Department does not have a coordinated approach or system to monitor the remunerations of Board members and Senior Executives of Government Commercial Companies and the Commercial Statutory Authorities.

Explanations obtained during the audit indicated that GCCs and CSAs are normally requested to update the Department on the remuneration details of the Board as well as the Senior Executives. However, the entities are usually reluctant to provide details.

There is a high risk of GCCs and CSAs not complying with remuneration policies established by government in the absence of a robust monitoring system.

Recommendation

The Ministry should closely monitor the remuneration of Board members and Senior Executives to ensure that GCCs and CSAs comply with the policies established by Government.

Management Comments

The Department acknowledges the comments and will endeavour to identify improvement measures for better managing the issue of remuneration for the Board members and senior executives;

4.43 VAT Reconciliation

Subject to the provision of the VAT Decree 1991, the tax shall be charged in accordance with the provisions of this decree at the rate of twelve and a half percent on the supply (but not including an exempt supply) in Fiji goods and services, by a registered person in the course or furtherance of a taxable activity carried out by that person, by reference to the value of that supply.⁵⁸

A review of VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$670,072 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure.

Refer below for details:

Details	Amount \$
Total expenditure/income as per Expenditure Statement	1,074,669
Less: Expenditure not subject to VAT – Operating Grant	---
Total expenditure/income subject to VAT	1,074,669
Less: Total taxable supplies as per VAT Returns	404,597
Un-reconciled variance	670,072

No explanation was provided for the variance.

Recommendations

- **The Office should review its VAT records and reconciliations and provide explanations for the variance.**

⁵⁸ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – Section 15 (1)

- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns agree with the general ledger.**

Department's Comments

Comments not received

4.44 FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee by him/her and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.⁵⁹

The current rate of contribution is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents.

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variances as follows:

Details	Amount \$
(a) Total FNPF against salaries and wages for 2007:	
FNPF as per financial statement	59,148.36
Less: December 2006 FNPF	6,696.96
	52,451.40
Add: December 2007 FNPF	---
FNPF for 2007	52,451.40
Gross Pay subject to FNPF (FNPF for 2007 * 0.08)	655,642.50
(b) Salaries and Wages for 2007 subject to FNPF	
Salaries, wages and allowances as per financial statement	586,301.72
Less: Salaries, wages and allowances for 2007 subject to FNPF	10,747.69
	575,554.03
Un-reconciled Variance	80,088.47

No explanation was provided for the variance.

Recommendation

The Office should review its FNPF records and reconciliations and provide explanations for the variance.

Department's Comments

Comments not received

⁵⁹ Chapter 219 – Fiji National Provident Fund – Section 13 (1)

Appendix 4.1 Statement of Output Costs

Portfolio Leadership Policy Advice and Secretariat Support 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	1,708,018	1,579,412
Unestablished Staff	92,765	51,474
Travel & Communication	213,101	118,076
Maintenance & Operations	293,437	192,760
Purchase of Goods & Services	565,438	116,717
Operating Grants & Transfers	495,060	501,203
Special Expenditures	1,680,577	300,372
Total Operating Costs	5,048,395	2,860,014
Capital Expenditure		
Capital Construction	1,424,880	---
Capital Purchases	882,647	1,214,301

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Description	2007 \$	2006 \$
Capital Grants & Transfers	923,110	---
Total Capital Expenditure	3,230,636	1,214,301
Value Added Tax	456,477	431,857
TOTAL EXPENDITURES	8,735,509	4,506,172

Budget Management – Planning, Execution and Monitoring 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	2,415,358	2,652,033
Unestablished Staff	245,515	232,787
Travel & Communication	120,108	105,691
Maintenance & Operations	107,264	95,791
Purchase of Goods & Services	66,427	33,848
Operating Grants & Transfers	---	---
Special Expenditures	13,992	16,693
Total Operating Costs	2,968,665	3,136,843
Capital Expenditure		
Capital Construction	---	3,950
Capital Purchases	---	---
Capital Grants & Transfers	3,692,440	---
Total Capital Expenditure	3,692,440	3,950
Value Added Tax	339,513	351,491
TOTAL EXPENDITURES	7,000,617	3,492,284

Provision of Accounting Services 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	615,270	663,174
Unestablished Staff	26,282	33,196
Travel & Communication	13,382	10,650
Maintenance & Operations	250,794	216,583
Purchase of Goods & Services	20,056	15,274
Operating Grants & Transfers	4,438,800	4,490,514
Special Expenditures	130	---
Total Operating Costs	5,364,713	5,429,392
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---

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Description	2007 \$	2006 \$
Total Capital Expenditure	---	---
Value Added Tax	102,951	106,661
TOTAL EXPENDITURES	5,467,664	5,536,054

Collection of Taxes 2007 - FIRCA

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	36,924	38,803
Unestablished Staff	3,539	3,781
Travel & Communication	3,327	2,724
Maintenance & Operations	6,618	3,502
Purchase of Goods & Services	390	44
Operating Grants & Transfers	31,534,440	25,000,000
Special Expenditures	130	---
Total Operating Costs	31,585,366	25,048,854
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	14,000,000	13,000,000
Total Capital Expenditure	14,000,000	13,000,000
Value Added Tax	6,379	5,381
TOTAL EXPENDITURES	45,591,745	38,054,235

Financial Asset and Liability Management 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	36,924	38,803
Unestablished Staff	3,539	3,781
Travel & Communication	3,327	2,724
Maintenance & Operations	6,618	3,502
Purchase of Goods & Services	390	44
Operating Grants & Transfers	---	---
Special Expenditures	130	---
Total Operating Costs	50,926	48,854
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	---	---

Description	2007 \$	2006 \$
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	---
Value Added Tax	6,379	5,381
TOTAL EXPENDITURES	57,305	54,235

Financial Management Reform – Development & Implementation of Reform Initiatives 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	894,989	1,017,064
Unestablished Staff	18,036	16,846
Travel & Communication	26,786	23,883
Maintenance & Operations	19,622	19,501
Purchase of Goods & Services	55,111	204,757
Operating Grants & Transfers	---	---
Special Expenditures	432,134	246,255
Total Operating Costs	1,446,677	1,528,305
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	2,596,815	2,833,370
Capital Grants & Transfers	---	---
Total Capital Expenditure	2,596,815	2,833,370
Value Added Tax	379,310	495,488
TOTAL EXPENDITURES	4,422,803	4,857,163

Public Reporting – Statistics & Statistical Forecasts 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	1,088,869	1,242,876
Unestablished Staff	33,615	37,995
Travel & Communication	100,793	87,364
Maintenance & Operations	140,909	111,249
Purchase of Goods & Services	50,254	42,565
Operating Grants & Transfers	7,439	9,026
Special Expenditures	4,333,246	762,645
Total Operating Costs	5,755,125	2,293,720
Capital Expenditure		
Capital Construction	---	---

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Description	2007 \$	2006 \$
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	---
Value Added Tax	434,234	272,336
TOTAL EXPENDITURES	6,189,359	2,566,055

Supply of Goods – General Hardware & Stock Take Services 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	1,562,373	1,692,983
Unestablished Staff	758,476	751,153
Travel & Communication	72,493	63,929
Maintenance & Operations	102,250	101,734
Purchase of Goods & Services	37,534	58,497
Operating Grants & Transfers	---	---
Special Expenditures	519	---
Total Operating Costs	2,533,643	2,668,297
Capital Expenditure		
Capital Construction	---	139,792
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	139,792
Value Added Tax	276,937	346,923
TOTAL EXPENDITURES	2,810,580	3,155,012

Supply of Goods – Stationery & Printing Services 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	1,582,107	1,513,426
Unestablished Staff	341,541	337,351
Travel & Communication	42,121	25,893
Maintenance & Operations	432,650	281,895
Purchase of Goods & Services	9,027	11,380
Operating Grants & Transfers	---	---
Special Expenditures	259	---
Total Operating Costs	2,407,704	2,169,944
Capital Expenditure		

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Description	2007 \$	2006 \$
Capital Construction	261,037	---
Capital Purchases	477,492	573,520
Capital Grants & Transfers	---	---
Total Capital Expenditure	738,528	573,520
Value Added Tax	366,984	185,378
TOTAL EXPENDITURES	3,513,216	2,928,843

Provision of Infrastructure – Electronic Networking, Software and Services 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	1,115,676	1,028,590
Unestablished Staff	33,039	29,593
Travel & Communication	805,994	459,483
Maintenance & Operations	1,001,344	884,173
Purchase of Goods & Services	81,560	127,482
Operating Grants & Transfers	---	---
Special Expenditures	259	---
Total Operating Costs	3,037,873	2,529,321
Capital Expenditure		
Capital Construction	---	2,451,188
Capital Purchases	2,100,988	---
Capital Grants & Transfers	---	2,451,188
Total Capital Expenditure	2,100,988	2,451,188
Value Added Tax	543,925	539,477
TOTAL EXPENDITURES	5,682,785	5,519,987

Licensing, Compliance & Monitoring – Domestic Price Control 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	---	---
Unestablished Staff	---	---
Travel & Communication	---	---
Maintenance & Operations	---	---
Purchase of Goods & Services	---	---
Operating Grants & Transfers	643,560	1,293,900
Special Expenditures	---	---
Total Operating Costs	643,560	1,293,900

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Description	2007 \$	2006 \$
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	---
Value Added Tax	---	---
TOTAL EXPENDITURES	643,560	1,293,900

Appendix 4.2: Pending Surcharge Cases

Details	Min/Dept	Year Received at Surcharge Section	Case at	Reasons
Cases Not Sourced From Auditor Generals Report				
Payment of compensation	Co-operatives	20/11/2006		Explanation submission made on 20/12/07
Non recovery of boat fares	Transport & Civil Aviation	9/02/2006		Case on hold
Auditor General's Report 2005 – Tabled in 2006				
Abuse of funds	Local Govt, Urban Dev and Public Utilities	27/02/2007		Memo sent on the 17/07/07 to identify officers responsible. Surcharge yet to be initiated.
Payment for idle hours	Local Govt, Urban Dev and Public Utilities	27/02/2007		Memo sent on the 06/08/07 to identify officers responsible. Surcharge yet to be initiated.
Damage to various assets	Fiji Islands Maritime Safety Administration	27/02/2007		Memo sent 02/07/07 for a copy of investigation report.
Authorizing overpayment	Roads	27/2/2007		Memo sent on 26/06/07 to identify officer responsible
Deficiency in stores	Govt. Printing	27/02/2007		Memo sent on 27/6/07 to identify officers responsible.
Breaching of procurement procedures	Elections	27/2/2007		Memo sent on 04/07/07 to identify officers responsible.
Extravagant expenditure	Fiji Prisons Services	27/2/2007		Awaiting memo from SG'S office for resubmission of discontinuation.
Payment compensation	Co-operatives	27/02/2007		Explanation submission made on 20/12/07
Overpayment of salary	Agriculture	27/02/2007		Follow up being made. Last follow up done on 21/11/07.
Non recovery of quarantine fees.	Agriculture	27/2/2007		Dept has written to Solicitor General for legal action.
Theft of wages	PWD	19/01/2007		Treasury has written to department requesting police response.
Approving excessive purchases.	Roads	27/02/2007		Reminder sent on 24/10/07 to identify officers.
Certifying unproductive hours	Roads	27/02/2007		Identified officer's submission to be checked by PA/Surcharge.
Overpayments due to tempering with the private plant hire tally sheets.	Roads	27/02/2007		Reminder sent 24/10/2007 to identify officers.
Overpayment to contractor for hire of grader and carting of digger/excavator.	Roads	27/02/2007		Mimeo sent on 17/07/07 to identify the former supervisor.

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Details	Min/Dept	Year Received at Surcharge Section	Case at	Reasons
Payment made without delivery of goods	Roads	27/02/2007		Memo sent to identify the store man responsible.
Auditor General's Report 2004 – Tabled in 2005				
Approving purchases and signing LPO's above the approved limit.	RFMF	18/10/2004		Lapse letter written on 21/12/07 with PS for signing.
Payment to contractors	Works & Energy	2007		Memo sent on the 17/07/07 to identify officers responsible. Surcharge yet to be initiated.
Unjustified excess urgent delivery	Works & Energy	2007		Memo sent on the 17/07/07 to identify officers responsible. Surcharge yet to be initiated.
Installation of meters in wrong zone	Works & Energy	2007		Memo sent on the 06/08/07 to identify officers responsible. Surcharge yet to be initiated.
Advance payment to facilitate bank guarantee	Energy	2005		Finance to investigate further.
Theft of wages	PWD	2007		Treasury has written to department requesting police response.
Clearance of accountable advance	Agriculture	2004		Memo sent on 17/4/2007 and a copy of audit report sent as well. Waiting for reply.
Auditor General's Report 2003 – Tabled in 2004				
Approving purchases and signing LPO's above the approved limit.	RFMF	28/03/2006		Lapse letter written on 12/12/07 with PS for signing.

Appendix 4.3: Variances between Estimated and Actual Costs

Over-Estimated

Date	Job No.	Estimated Cost \$	Actual Cost \$	Variance	
				\$	%
19/10/07	177/WK063/07	274.00	160.47	113.53	41
10/10/07	13/ED300/07	79.00	40.58	38.42	49
25/09/07	12/UDH933C/07	462.00	243.47	218.53	47
10/10/07	172/WK207/07	204.08	189.95	14.13	7
11/07/07	10/WZ/07	431.00	99.08	331.92	77
02/10/07	13/PN603/07	408.44	176.48	231.96	57
09/10/07	97/PR/07	601.87	98.24	503.63	84
24/10/07	4/IN/07	641.25	586.55	54.70	9
14/08/07	86/PR/07	516.00	454.05	61.95	12
19/07/07	74/PR/07	220.00	183.20	36.80	17
22/10/07	113/PR/07	54.00	50.99	3.01	6
03/10/07	33/HE9063/07	2,849.62	2,712.18	137.44	5
22/10/07	116/PR/07	90.00	86.99	3.01	3
22/10/07	115/PR/07	178.87	157.84	21.03	12
09/10/07	95/PR/07	601.87	54.24	547.63	91
09/10/07	98/PR/07	601.87	90.42	511.45	85
12/10/07	37/HE/07	250.87	75.44	175.43	70
12/10/07	36/HE/07	259.00	163.44	95.56	37
12/10/07	35/HE/07	170.00	92.13	77.87	46

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Date	Job No.	Estimated Cost \$	Actual Cost \$	Variance	
				\$	%
17/10/07	4/MEA/07	760.00	330.40	429.60	57
07/09/07	4/RD601/07	978.00	229.33	748.67	77
02/10/07	40/FI6011A/07	190.01	96.38	93.63	49
26/09/07	03/MET16/07	573.10	247.70	325.40	57
26/09/07	02/MET303/07	645.12	506.87	138.25	21
26/09/07	01/MET801/07	289.12	191.48	97.64	34
12/10/07	38/HE/07	428.00	405.09	22.91	5
12/10/07	127/F99/07	83.72	51.17	32.55	39
15/10/07	29/PSC157/07	252.00	42.87	209.13	83
16/10/07	384/M/07	173.25	83.09	90.16	52
22/10/07	113/PR/07	54.00	50.99	3.01	6
14/08/07	86/PR/07	516.00	454.05	61.95	12
24/10/07	4/IN/07	641.25	586.55	54.70	9
18/10/07	128/FUG/07	625.50	492.69	132.81	21
28/09/07	28/PSC101/07	888.49	55.22	833.27	94
12/10/07	8/DPP/07	331.87	277.65	54.22	16
19/07/07	73/PR/07	253.54	224.38	29.16	12
09/10/07	99/PR/07	601.87	176.59	425.28	71
12/10/07	41/HE/07	206.00	149.94	56.06	27
12/10/07	39/he/07	472.00	299.14	172.86	37
26/09/07	04/211/07	199.12	123.62	75.50	38
15/01/07	41/FI/07	1,008.05	170.12	837.93	83
07/02/07	15/CEB/07	1,029.37	73.08	956.29	93
15/02/07	05/42/07	2,197.00	813.39	1,383.61	63
24/07/07	25/118A/07	8,859	6,569.05	2,289.95	26
20/08/07	01/986A/07	3,931.75	1,031.15	2,900.60	74

Under-Estimated

Date	Job No.	Estimated Cost \$	Actual Cost \$	Variance	
				\$	%
18/10/07	10/IMM102/07	2,577.38	3,610.34	1,032.96	40
28/08/07	11/PN/07	70.00	86.75	16.75	24
23/10/07	02/OM/07	164.25	171.25	7.00	4
18/10/07	15/ST/07	62.52	144.25	81.73	131
16/10/07	126/FGG/07	625.50	897.97	272.47	44
10/10/07	378/M/07	111.57	176.69	65.12	58
11/10/07	382/M/07	11.25	20.05	8.80	78
12/10/07	12/LD017/07	350.44	386.78	36.34	10
27/09/07	163/WK998/07	230.00	361.33	131.33	57
11/10/07	11/LO/07	54.00	126.44	72.44	134
01/10/07	170/WK132/07	140.00	272.87	132.87	95
18/10/07	129/FGG/07	138.78	286.34	147.56	106
12/10/07	40/HE/07	206.00	206.75	0.75	0.3
18/10/07	01/OM/07	164.25	195.09	30.80	19
18/10/07	14/ST/07	70.31	94.48	24.17	34
13/03/07	03/042/07	9,435.00	11,093.16	1,658.16	18
16/05/07	09/929/07	5,637	7,863.28	2,226.28	39
31/07/07	10/502/07	4,314	6,031.80	1,717.80	40

Section 5**Ministry of Fijian Affairs, Heritage,
Provincial Development and Multi Ethnic
Affairs****Programme Statement**

The Ministry of Fijian Affairs, Culture & Heritage, Provincial Development and Multi-Ethnic Affairs is responsible for the preservation of the different cultures in Fiji, lease and land administration, education assistance, and rural development. Formerly, these agencies were run as separate Ministries. The change was necessary to allow the alignment of Government policies, administrative reforms and the improvement of development strategies aimed equally amongst citizens of Fiji. Specific programmes directed towards Indigenous Fijian and Rotuman communities are still maintained through this re-organisation. The few primary legal frameworks that cover this realignment are the Fijian Affairs Act and Regulations, the Lands Act, and the Fisheries Act.

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CONSOLIDATED FINANCIAL STATEMENT

5.1 Audit Opinion

The audit of the 2007 accounts of the Ministry of Fijian Affairs, Heritage, Provincial Development and Multi Ethnic Affairs resulted in the issue of a qualified audit report.

The qualifications are as follows.

- a) The Ministry has not provided the following contrary to Finance Instructions 82(1):
- Statements of Output Costs;
 - Statement of Losses;
 - Trust Fund Account Statement of Receipts and Payments. The Financial Management Information System shows that the Ministry as at 31/12/07 has trust funds totalling \$2,027,319 and operating trust funds totalling \$63,816.

5.2 Statement of Receipts and Expenditures

The Ministry of Fijian Affairs, Heritage, Provincial Development and Multi Ethnic Affairs incurred a total expenditure of \$37,715,999 in 2007 compared to \$42,163,424 in 2006.

Table 5.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue	846,988	682,497
Agency Revenue	0	0
TOTAL REVENUE	846,988	682,497
EXPENDITURES		
Operating		
Established staff	5,200,330	5,971,947
Unestablished staff	1,242,758	1,198,330
Travel & communication	361,061	418,084
Maintenance & Operations	490,522	464,184
Purchase of goods & services	284,627	300,946
Operating grants & transfers	19,100,748	18,689,379
Special expenditures	822,959	2,954,787
Total Operating Expenditure	27,503,005	29,997,657
Capital Expenditures		
Capital Construction	674,658	1,750,843
Capital Purchases	341,090	84,578
Capital Grants & Transfers	8,163,395	8,978,878
Total Capital Expenditure	9,179,143	10,814,299
Value Added Tax	1,033,851	1,351,468

Description	2007 \$	2006 \$
TOTAL EXPENDITURES	37,715,999	42,163,424

5.3 Statement of Output Costs

The Statements of Output Costs were not submitted for audit contrary to section 82 of the Finance Instructions.

5.4 Appropriation Statement

The Ministry of Fijian Affairs, Heritage, Provincial Development and Multi Ethnic Affairs incurred expenditures totalling \$37,715,999 in 2007 against the budget of \$54,656,400 resulting in a savings of \$16,940,401 or 31%.

Details of expenditures against the budget estimates are provided in Table 5.2

Table 5.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	6,181,200	0	6,181,200	5,200,330	0	980,870
2	Government Wage Earners	1,619,200	0	1,619,200	1,242,758	0	376,442
3	Travel & Communication	419,100	(3,300)	415,800	361,061	0	54,739
4	Maintenance & Operations	540,000	3,300	543,300	490,522	0	52,778
5	Purchase of Goods & Services	479,000	0	479,000	284,627	0	194,373
6	Operating Grants & Transfers	19,367,100	0	19,367,100	19,100,748	0	266,352
7	Special Expenditure	1,496,100	(150,000)	1,346,100	822,959	0	523,141
	Total Operating Costs	30,101,700	(150,000)	29,951,700	27,503,005	0	2,448,695
	Capital Expenditure						
8	Capital Construction	1,500,000	0	1,500,000	674,658	0	825,342
9	Capital Purchases	247,600	150,000	397,600	341,090	0	56,510
10	Capital Grants & Transfers	21,247,000	0	21,247,000	8,163,395	0	13,083,605
	Total Capital Expenditure	22,994,600	150,000	23,144,600	9,179,143	0	13,965,457
13	Value Added Tax	1,560,100	0	1,560,100	1,033,851	0	526,249
	TOTAL EXPENDITURE	54,656,400	0	54,656,400	37,715,999	0	16,940,401

The Ministry of Finance approved the transfer of \$153,300 between the SEGs within the appropriation head during the year. However, these were not necessary as the original budget estimates were sufficient to cover the expenditures in all SEGs.

5.5 Statement of Losses

The Ministry did not submit for audit a Statement of Losses contrary to Finance Instruction 82.

AUDIT FINDINGS

5.6 Financial Statement

Commencing 2006 financial year, each annual report must include financial statements which have been prepared and signed in accordance with the Finance Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.¹

The draft financial statements must be submitted to the Auditor General by 31 March in the following year, or within such other time as agreed to with the Auditor General.²

The Ministry submitted its Financial Statements for audit on 31 March 2008 which were not prepared in accordance with the requirements of Section 82 and Schedule 1 of the Finance Instructions 2005. The Ministry has not provided the following for audit:

- Statements of Output Costs;
- a Statement of Losses; and
- a Trust Fund Account Statement of Receipts and Payments.

This is a breach of Finance Instructions 82(1).

Recommendation

The Ministry should ensure that the requirements of the Finance Instructions are strictly followed in the preparation of the Financial Statements.

Management Comments

Management Comments not provided.

5.7 Operating Trust Fund and Revolving Fund Accounts

An accounting officer who operates a trust account shall submit to his Chief Accounting Officer monthly a return of trust account balances showing in detail how the balances are made up in order that reconciliation may be carried out with the balances appearing in the departmental ledgers.³

Departments operating any of the Revolving Fund Account are required to maintain ledgers in an approved form and Chief Accounting Officers must ensure that these ledger account balances are reconciled departmentally after the close of each month.⁴

The various Departments under the Ministry did not always prepare the reconciliations for the trust funds and revolving fund account during the year. As a result, audit could not substantiate the balances reported in the relevant Appendices of the Accounts and Finance. In the months where reconciliations were prepared, audit noted that some accounts were overdrawn. Details are as follows:

- **Department of Fijian Affairs, Culture & Heritage**

¹ Finance Instructions 2005 – 81 (2)

² Finance Instructions 2005 – 81 (3)

³ Finance Instructions section 197

⁴ Financial Instructions (1982) section 179

The number of trust fund accounts extracted from the general ledger (FMIS) totalled 22, however, only one trust fund account reconciliation was submitted for audit and 15 of the accounts had overdrawn balances. Refer to the Table 5.3 below for details:

Table 5.3: Overdrawn Trust Account

Account Number	Description	Closing Debit Balances (\$)
1. 1-05101-05101-861101	202 OPR Current	17.50
2. 1-05101-05101-861104	208 Rent H/A UnEstablished	518.88
3. 1-05101-05101-861202	241 CMLA	187.52
4. 1-05101-05101-861204	244 LICl	218.25
5. 1-05101-05101-861515	305 GSMA CREDIT	30.00
6. 1-05101-05101-861532	YYY Public Employees Union	10.00
7. 1-05101-05101-861533	WESRAM Finance	1,015.00
8. 1-05101-05101-861601	341 Maintenance – Suva	210.00
9. 1-05101-05101-861899	440 Fixed Rent	101.53
10. 1-05101-05101-861901	201 Tax Arrears	352.63
11. 1-05101-05101-861909	382 Forfeitures	8.00
12. 1-05101-05101-861910	383 Sundries	3,135.00
13. 1-05101-05999-861910	383 Sundries	8,752.16
14. 1-05101-05101-861913	387 RFA IDC Salaries	20,009.05
15. 1-05101-05101-861101	400 Fines	25.00
TOTAL		\$34,590.52

In addition, the Department did not prepare any monthly reconciliation for its revolving fund account in 2007. According to Appendix 19 of the Accounts and Finance, the closing balance of the revolving fund miscellaneous amounted to a credit balance of \$1,055.

- **Department of Provincial Development**

The Department did not carry out any monthly trust fund account reconciliations for 2007.

- **Department of Multi-Ethnic Affairs**

A total of 17 trust fund accounts are maintained by the Department, however, reconciliations for 10 of the trust accounts were not submitted for audit purposes and according to the general ledger (FMIS), the accounts had closing debit balances. Refer to Table 5.4 for details:

Table 5.4: Overdrawn Trust Fund Account

Account Number	Description	Closing Debit Balances (\$)
1. 1-05101-87101-861104	208 Rent H/A UnEstablished	330.16
2. 1-05101-87101-861202	241 CMLA	96.87
3. 1-05101-87101-861204	244 LICl	159.07
4. 1-05101-87101-861206	246 Marsh & McLennan	6.74
5. 1-05101-87101-861209	249 Marsh & McLennan	25.39
6. 1-05101-87101-861532	YYY Public Employees Union	3.19
7. 1-05101-87101-861602	342 Maintenance Nausori	25.00

Account Number	Description	Closing Debit Balances (\$)
8. 1-05101-87101-861910	383 Sundries	5,627.00
9. 1-05101-87999-861920	501 Employees FNPF	1,191.38
10. 1-05101-87101-899999	Miscellaneous Fund	2,551.34
TOTAL		\$10,016.14

Failure to prepare and submit proper and accurate reconciliations to the Ministry of Finance on a timely manner is a breach of the Finance Instructions. The accuracy of the balances reported in the Accounts and Finance and the Appendices could not be substantiated as reconciliations were not prepared by the Ministry.

Recommendations

- **The Ministry should ensure that monthly reconciliations are carried out in a timely manner.**
- **The Officers in charge of the Accounts Sections in the various Department should be held accountable for failing to comply with the Finance Instructions regarding the preparation of reconciliations for the Revolving Fund and Trust Fund accounts.**
- **Supervisory checks on monthly reconciliations should be improved.**

Management Comments

Management Comments not provided.

5.8 Drawings Account

Complete reconciliation shall be effected on each occasion when a bank statement is obtained and a reconciliation statement detailing unreceipted deposits and unpresented cheques, shall be completed on or attached to the bank statement.⁵

The following anomalies were noted:

- **Department of Fijian Affairs, Culture & Heritage**

The Department did prepare and submit for audit its drawings account reconciliations.

- **Department of Provincial Development**

The Department has 5 drawings accounts, however only one reconciliation was submitted for audit and the closing balance did not agree with the Accounts and Finance.

- **Department of Multi-Ethnic Affairs**

The closing balances of the monthly reconciliations prepared by the Department did not agree with the closing balances in the general ledger (FMIS). Refer to Table 5.5 for details:

⁵ Financial Instructions (1982) section (91(2))

Table 5.5: Drawings Account Variances

Month	Department Balance (\$)	GL (FMIS) Balance (\$)	Variance (\$)
January	63,080.48	57,385.81	5,694.67
February	35,923.14	27,933.97	7,989.17
March	89,078.23	13,036.26	76,041.97
April	31,902.56	100,803.28	(68,900.72)
May	64,928.13	33,848.40	31,079.73
June	60,212.58	60,193.12	19.46
July	148,340.61	50,851.14	97,489.02
August	55,185.05	23,098.24	32,086.81
September	463,598.58	475,010.03	(11,411.45)
October	70,610.70	64,819.81	5,790.89
November	75,690.77	109,078.08	(33,387.31)
December	197,980.57	218,311.77	(20,331.20)

The above clearly indicates the lack of supervisory checks on the monthly reconciliations prepared by the Departments.

Recommendations

- **Accounting Heads should ensure that Drawings reconciliations are carried out at the end of each month.**
- **The Departments should investigate the variances and liaise with the Ministry of Finance on the variances noted for the necessary adjustments to correct the reconciliations.**
- **Supervisory checks on the reconciliations prepared should be improved.**

Management Comments

Management Comments not provided.

DEPARTMENT OF FIJIAN AFFAIRS, CULTURE & HERITAGE

5.9 Non-compliance with Grant Agreement

The Grant Recipient agrees with the Government that within 30 working days of the end of each quarter, to submit to the Minister, a comprehensive report of its activities for the preceding quarter, assessing its performance against the Performance Criteria enumerated in the Schedule to the Grant Agreement (the first of such Report to be due on the 30th April, 2007).⁶

The Ministry disbursed operating grants to the Fiji Museum and the Fiji Arts Councils without receiving comprehensive reports of their activities in the first quarter of 2007. The report submitted by the Fiji Museum consisted of only the tabulated summaries of activities undertaken and its key performance indicators on progress and constraints for the first quarter. The comments provided under the Key Performance Indicators column were erroneous as they highlighted work completed in 2004 and not in 2007. The submission provided by the Fiji Arts Council is a one page summary of the activities that were carried out in the first quarter.

⁶ Grant Agreement Section 4(1) (b) Fiji Museum & The Fiji Arts Councils

The risk of grants being utilised for other purposes increases if compliance to the grant agreement is not closely monitored by the Ministry.

Recommendation

The Ministry should only release grants when all terms and conditions of the Agreements are fulfilled, which includes a submission of a comprehensive report of the preceding quarter.

Management Comments

It was an oversight not to verify the comprehensive report which should accompany the RIE as requested in the MOU. We will ensure that this is not repeated, and we will fully comply with the relevant MOU.

5.10 Payment of Grant without Proper Approvals

Expenditure must not be incurred on an item that is noted as “Requisition to Incur Expenditure” until written approval has been obtained from the Ministry of Finance.⁷

Grants under requisition were disbursed prior to obtaining approvals from the Ministry of Finance as required. Refer to Table 5.6 for details:

Table 5.6: Payment of Grant without Approvals

PV No.	Payee	Amount (\$)
010752 of 21/03/07	Fiji Arts Council	2,000
010551 of 22/02/07	Fiji Museum	4,000
010748 of 21/03/07	Fiji Museum	5,000
011255 of 31/05/07	Fiji Museum	5,000

Payment of grants under requisition without the approval of the Ministry of Finance are serious breaches of paragraph 2.1.11 of the Department’s Finance Manual.

Recommendation

Grants under requisition should only be paid after approvals have been obtained from the Ministry of Finance.

Management Comments

Since the Ministry of Fijian Affairs has been receiving late approvals of RIE releases from Ministry of Finance our stakeholders i.e. Fiji Museum, Fiji Arts Council, National Trust of Fiji etc have been facing difficulties in paying for their salaries and meeting other obligatory payments. These two organizations have requested the Ministry for assistance by providing them their grants to help them meet their salary and wages for their staff. We therefore had no choice but to issue the cheques from other allocations then we journalise once the approval is obtained from Finance.

⁷ Finance Manual 2.1.11

DEPARTMENT OF PROVINCIAL DEVELOPMENT

5.11 Trust Fund Account

Trust money is money that the agency is holding in trust [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*].⁸ Holding these monies in trust for too long without making any or with very little effort to clear them increases the risk of fraud and misappropriation of funds. Within five days after the end of each month, the clerical officer [trust account] shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account. The clerical officer [trust account] shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents.⁹

The Trust Fund reconciliation was prepared up to the month of April 2007 only, with a closing balance of \$1,928,735. The balance is represented as follows:

Table 5.7: Trust Fund balances as at April 2007

Trust Accounts	Amount \$
Unclaimed wages	(29,109.18)
Elections	(14,264.81)
Tender Deposits	(167,675.00)
Rural Housing Scheme	(1,324,708.07)
Prime Minister's Relief and Rehab	(226,773.33)
CND - Community Contribution	(166,996.01)
CND - Community Capital Project	35,659.14
AusAid - Nawaikama Nursing Station	92,174.13
FNPF Contributions	(121,721.78)
Others	(5,320.34)
Total	1,928,735.25

Two of the Trust accounts have debit balances amounting to \$127,833. The Senior Accounts Officer explained that the debit amount of \$92,174 is erroneously reflected in the trust fund account. There was no explanation provided for the debit balance of \$35,659 under the CND – Community Capital Project Trust Fund account.

Some of the funds have been held in trust for a considerable length of time. For examples, refer to the following:

Unclaimed Wages \$29,209

The amount consists of wages of deceased employees from both the public and private sector. The wages were paid to the various District Officers by the respective employers and have not been claimed. Some of the wages were receipted by the Ministry in 2001.

Elections \$14,265

⁸ MPD Finance Manual – Part 15

⁹ MPD Finance Manual 15.4.1&3

The amount represents the deposits received by the various District Officers from candidates standing for elections [either general election, by-election, local government elections, etc]. The successful candidates are refunded their deposits and the balance of funds is paid into government revenue. The deposits received in respect of losing candidates from the general election are paid to the office of the Supervisor of Elections while the other balances are paid to the consolidated fund of government.

Tender Deposits \$167,675

The Offices of the Commissioners in the North and West facilitate the tender processes for the supply of goods and services for the Divisions. The amounts held represents deposits received from the suppliers of goods and services that tendered for the contracts. Scrutiny of the details of these tender deposits showed that some of the amounts were receipted by the Department more than ten years ago.

Rural Housing Scheme \$1,324,708

This balance consist of the one third contribution received from individual members of the public applying for housing assistance under Rural Housing Scheme. The Ministry was not allocated any funds to cater for this scheme in 2007.

Commissioner Northern Division Community Contribution \$166,996

This amount consists of 1/3 contribution received from farmers for the construction of cane-access roads. The 1/3 contribution ceased to be received in 2004 when the project became fully funded by government.

Allowing the debit balances to form part of the closing balance of the Trust Fund account implies that the reconciliation is incorrect as such cannot be relied upon as the true record of the funds held in trust.

The above finding indicated that the Department is unnecessarily maintaining funds in its trust fund accounts. The risk of fraud or misappropriation of funds increases when substantial amounts of funds are held in trust without proper reconciliations done on a regular basis.

Recommendations

- **Errors detected in the reconciliation should be resolved immediately before the preceding month's reconciliation is carried out.**
- **The Ministry should ensure that Trust Fund reconciliation is prepared up to date and in accordance to the requirements of the Finance Manual.**
- **For the Monies unnecessarily held in trust the Ministry should:**
 - **identify the next of kin of the deceased employees so that the wages are paid to them;**
 - **refund the successful election candidates with their deposits and pay the Elections Office the deposits of the losing candidates;**
 - **refund the deposits paid by those tendered for the provision of goods and services; and**
 - **refund the one third contributions for the housing assistance to the applicants since the government is not providing the two thirds funding**
- **For Commissioner Northern Division's community contribution, these monies are to be paid into government revenue as this project is now fully funded by Government.**
- **The Ministry should ensure that funds are paid out to avoid accumulation of funds in the trust accounts.**

Management Comments

Trust Reconciliation. During the implementation of the FMIS with the merging of all trust fund accounts kept under the Ministry in 2005, it had become very difficult for to reconcile the accounts. The two trust fund accounts that were in operation were Provincial Development (Regional) Trust Account and the Rural Housing (PMRRC) Trust Account.

The Regional Development Trust Account consisted of FPNF, Unclaimed Wages, Election, Tender Deposits, CND Capital Projects and the Rural Housing 1/3 community contribution (Affirmative Action Programme) whilst the Rural Housing (PMRRC) Trust Account consisted of individual clients who had paid in their money and the benefit the individual received from government was the purchase and transportation of materials.

The Rural Housing Trust Fund (PMRRC) had a large volume of individual client's accounts and the Rural Housing Trust account consisted of 1/3 contribution paid by the communities and 2/3 Government share taken from the Capital Programme 5-2-5-10 Rural Housing Assistance, for the construction of 24'x16' wooden dwelling. The Ministry was also responsible to purchase and transport the building materials too.

The balances shown under the audit report does not reflect the true balances as at April, 2007 after FMIS reposted the merged amounts. There is no overdrawn account balances except the ones under the Rural Housing (PMRRC) Trust Account. The Ministry is trying to reconcile the accounts in a timely manner and difficulties faced had already been brought to your attention. The Ministry is now re-revising the Trust Account reconciliation starting from December, 2006 in order to match the new balances under GL FMIS.

Unclaimed Wages balance as at 30.4.07= \$29,209.18

Attempts were made to locate some of the clients but there were very little responses because the Ministry does not have any address or contact numbers for these clients. When all the reconciliations are updated Ministry of Finance approval to transfer outstanding balances for years 2001 – 2005 to revenue will be requested.

Elections = \$14,264.81

When all reconciliations are updated we will be transferring the balances to the Supervisor of Election.

Tender Deposits = \$167,595. As stated above.

Rural Housing Scheme = \$1,060,399. 37

Rural Housing Trust account includes the 1/3 contribution paid by the communities and 2/3 Government share taken from the Capital Programme 5-2-5-10 Rural Housing Assistance, for the construction of 24'x16' wooden dwelling.

Commissioner Northern Division Community Contribution = \$ 166,546.01

When all the reconciliations are updated the Ministry will be requesting Ministry of Finance for approval to transfer outstanding balances for years 2001 – 2005 to revenue.

Overall Comment

We assure you the Ministry will try it's best to adhere to all recommendations stated by the Auditor General.

5.12 Capital projects

The purpose project monitoring is to enable managers, administrators, staff and community participants to make better decisions in the implementation of projects. It requires maintaining of records, site inspections and meetings.¹⁰

Grant recipient and grant administrators each have a role in achieving the grant scheme's objectives and should be accountable for the way in which they fulfil their roles.¹¹

¹⁰ MPD Capital Budget Program Working Guide 5..5

¹¹ Queensland Audit Office's Review of Administration of Grants and Subsidies 1999

Audit scrutiny of records pertaining to capital projects funded by the Ministry was limited to the projects administered by the Office of the Commissioner Eastern.

Funds totalling \$980,000 were allocated to the Office of the Commissioner Eastern for capital projects and were distributed according to capital works programmes as follows:

Table 5.8: Allocation of Capital Projects

Projects	Amount (\$)
Self-Help Projects	350,000
Non-cane Access Roads	200,000
Maintenance of non PWD Roads	150,000
Provincial Development Projects	280,000
Total	980,000

The following anomalies were noted:

Delay in Road Works Outsourced to Divisional Engineer Roads

Road works at a total cost of \$259,000 were outsourced to the Divisional Engineer Roads in 2007. Refer to the Table below for details:

Table 5.9: Payment of works outsourced to the Divisional Engineer Roads in 2007

Departmental Warrant	\$	Project
CED 14/07 of 27/04/07	80,000	Provincial Development Projects Phase 2 for the development of the Tavuki/Nukunuku/Richmond High/Yawe road - 1.0km
DOK 01/07 of 06/09/07 issued by PA Kadavu	77,000	Extension of the Tavuki/Nukunuku/Richmond road – 1.5km
CED 28/07 of 12/10/07	28,000	Non PWD roads
CED 36/07 of 06/11/07	74,000	Non-Cane Access roads for the extension of Lovoni Farm road by 2km and Lovoni/Waidra road
	\$259,000	

Audit could not establish the status of road works as progress reports were not provided to the Office of the Commissioner Eastern. As at the date of the audit,¹² the Divisional Engineer of Roads had not passed any charges to the Ministry's Accounts.

The delay in completion of capital projects is of serious concern and indicates the lack of monitoring by the Ministry.

Building Materials Purchased and not Delivered – RHU 202/1302

In 2002, a Mr. Akuila Tavuto of Tavakubu Housing in Lautoka applied for housing assistance and paid \$5,217 to the Office of the Commissioner Western as his contribution. The house was to be built in his village in Vanuabalavu. Refer below for details:

¹² November, 2007

Table 5.10: Contributions Paid

Date	Receipt No.	Amount \$
25/01/2002	840853	2,700
04/04/2002	945562	2,617
Total		5,317

On 17/8/07, the applicant requested for a refund of the funds he paid as the materials had yet to be delivered to his village.

An investigation by the Rural Housing Unit revealed that the building materials were purchased from Suncourt Hardware in Lautoka but were not delivered to the applicant's village. Details of the purchase are as follow:

Table 5.11: Materials purchased but not delivered

Date	Cheque No.	LPO No.	Invoice No.	Amount \$
24/02/02	6187	945982	41404	2,617.32
Missing voucher	payment	881940	Missing invoice	1,484.15
Total				4,101.47

Building Materials Delivered to Wrong Recipient - Housing

Building materials worth \$2,094 was purchased on 30/10/07 for a Mr. Sailosi Kolo of Qalikarua in Matuku.

The building materials were mistakenly delivered to a Mr Yacuta Moce of the same village, who on receiving the materials, utilised them to build his house. Mr. Moce did not apply nor paid any contribution as required; therefore he was not entitled to the assistance.

The above indicates the failure of the Ministry and the Provincial Administrators and District Officers to regularly inspect and monitor the projects from its initiation to the completion stage.

Dravuni Solar Water Harvest Project was Suspended

Dravuni Village was assisted with the purchase of materials for the construction of a solar water pump. Items worth \$8,694 were purchased from Suncourt Hardware on 22/05/07 to facilitate the first phase of the project.

The project was suspended by the Provincial Administrator Kadavu immediately after it commenced to give priority to the Namalata Health Project, which involved the purchases of brush cutters.

The progress of phase one of the Dravuni Water Project is not known as progress reports have not been prepared and submitted by the Provincial Administrator. Audit could not determine whether the materials purchased have been stored in a secure place while the project is being suspended.

While funding for a project is only provided upon its approval, diverting these resources is unjustified and warrants an explanation from the Provincial Administrator.

The above cases imply that projects funded by the Ministry have not been properly monitored by the Divisional Offices and Provincial Administrators.

Recommendations

- **The Ministry needs to implement a stringent monitoring strategy, and its application must be enforced consistently.**
- **Progress reports on the status of work should be submitted by the Divisional Engineer Roads to ensure that the Ministry is fully informed of the status of projects that it is funding.**
- **Provincial Administrators and District Officers need to closely monitor the assistance given at all levels to ensure projects are fully completed at every aspect.**
- **Provincial Administrators should be held accountable and disciplined if found to be diverting funds allocated and approved for a particular project to other projects.**

Management Comments

Delay in Road Works Outsourced to Divisional Engineer Roads

The Ministry has recently formed an Economic Development Committee in each of the four Divisions. The task of this Committee is to appraise and approve projects, monitor projects and to provide the acquittal reports. The Committee is headed by the Divisional Commissioners along with Provincial Administrators, Development Unit Desk officers and Divisional Secretaries as members. Prior to each quarter the Committee will be meeting to decide on projects for the subsequent quarter and at the same time monitor projects done in the previous quarter.

Eastern Division consisting of mainly outer Islands may not be accessible for project inspections on quarterly basis but the intention is to at least cover project monitoring through update reports on quarterly basis and at least once in the year site visits.

The above is one of the strategies developed, however your comments are noted and we ensure the proper consultations will be done with the Divisional Engineer Roads.

Building Materials Purchased and Not Delivered-RHU 202/1302

Our records reveal that the materials were purchased and delivered. However this was done in 2002 for which the records of actual delivery site are unavailable. Furthermore, there is still a balance of \$1215.53 available but to date our records show that no request for a refund has been received from Mr. Akuila Tavuto.

Building Materials Delivered to Wrong Recipient-Housing

Records show that no 1/3 contribution was entered in the name of Sailosi Kolo as observed by the Audit.

Dravuni Solar Water Harvest-Suspended

This project was suspended but delayed due to non-availability of vessel to transport materials. The materials have since been received and the project completed.

Overall Comment

The monitoring process undertaken has been strengthened by the Ministry with regular inspections being done from the Head Office. Also the any project diversion of reprioritization now needs the approval by the Permanent Secretary.

5.13 Revenue Records for Business Licences Not Adequately Maintained

At the end of each month, the Manager Finance shall prepare a Statement of Revenue comparing the types of revenue collected during the month against the forecasted revenue. Explanations for variances between the actual and forecasted revenue must be obtained from the officers responsible for collection.¹³

Revenue records in respect of license holders were not adequately maintained. Vital information was not updated in the Register; thus it was not possible to determine holders of active/valid licenses and those that had expired. The Ministry collected \$179,217 in fees from Trading Licences in 2007.

Since the records maintained are outdated, monitoring and following up on license holders who fail to renew their licenses would be difficult. The revenue that could be collected from expired license holders and who may be still operating businesses cannot be accurately determined. The inadequate maintenance of records to facilitate the monitoring of licence holders had directly contributed to the substantial amounts of uncollected revenue.

Recommendations

- **The License Holder Register should be maintained and updated with the vital information required to allow the Ministry to facilitate the monitoring of issuance and renewal of licenses, and**
- **Proper follow up mechanisms for businesses that may be operating with an expired license should be implemented.**

Management Comments

Most of these license holders are mainly small shops/canteens owners in the villages. The revenue collected is on behalf of the line Ministry by us because of our existence in the rural areas. The arrears of revenue are increasing because insufficient resources are available to be able to check whether the various small shops/canteens are still open in the Districts.

The Ministry is now submitting arrears listings to the Provincial, Tikina and Advisory Councils meetings in an effort to update our register. This will assist in confirmation whether the small shops/canteens are still in operation or have closed. This exercise will lead to the reduction in revenue arrears.

The Ministry has taken note of your comments and we assure you that the Ministry will ensure that business license register will be updated accordingly.

DEPARTMENT OF MULTI-ETHNIC AFFAIRS

5.14 Recovery of Public Funds Misappropriated

When the Head of Department becomes aware of any act of indiscipline or misconduct and the Head of Department is of the opinion that the public interest or the reputé of the Public Service requires it, the Head of Department may direct the employee in writing to cease to report for duty until further notice and an employee so directed shall cease to perform his/her duties forthwith¹⁴.

¹³ MPD Finance Manual 5.5.10

¹⁴ Clause 54 (a) –Condition and Rules of employment for government unestablished employees.

An employee must not make improper use of official information or of the employee's duties, status, power or authority in order to gain, a benefit or advantage for the employee or for any one else.¹⁵

An employee must at all times behave in a way that upholds the Public Service Values and the integrity and good reputation of the public service.¹⁶

Acting Assistant Accounts Officer Raymond Morrell¹⁷ defrauded the government of \$17,162 by forging the signature of the Accountant of the Department between February and August 2007. Refer to the Appendix 5.1 for details.

The officer's employment was terminated by the Public Service Commission on 26/08/08 after being suspended from the Ministry on 13/08/07. When the charges were laid on 30/10/07, Mr. Morrell had already left the country. However, his sister, an employee of the Police Department, gave an undertaking to repay the defrauded sum. The repayments ceased when Mr. Raymond Morrell's sister indicated her financial hardship. The amount recovered totaled \$3,550 leaving an outstanding balance to be repaid of \$13,611.85.

The Department had reported the case to the Ministry of Finance and the Police Department; but it has, yet to receive any response.

The above findings indicate laxity on the part of the Department and immediate Superiors to monitor the work of their subordinates and ensure that officers comply with established regulations.

Recommendation

The Department should exhaust every lawful avenue available to it to recover the outstanding amount of \$13,611.85. And if recovery is not possible, Mr. Morrell's immediate Supervisors should be surcharged for inappropriate supervisory checks and controls.

Management Comments

In line with the recommendation for recovering the \$17,161.85 the Department have entered into an agreement with Morell's sister S/O SGT 1171 Fina Morrell Seru in the Police Department agreeing to repay the amount in installment.

In August 2007, the Department of Multi-Ethnic Affairs submitted a memorandum to Ministry of Finance dated 14th to report the case where it was mentioned that the case have been reported to the Police Department, however there was not any response from the Police Department.

A separate submission was sent to the Public Service Commission through the Ministry in February 2008. It should be noted that the case now rests with the relevant decision making agencies namely: PSC, Finance and the Police Department.

5.15 Grants to Cultural Centres

The recipient of the Grant shall prepare an acquittal report. The acquittal report shall provide the following information:¹⁸

- details of grant money expended and

¹⁵ PSC - Code of Conduct(10)

¹⁶ PSC – Code of Conduct (12)

¹⁷ EDP No. 64016

¹⁸ Finance Manual 3.3.1

- grant objectives and targets achieved.

The Department of Multi – Ethnic Affairs is responsible for the promotion and enhancement of cultural activities through the seven Cultural Centres. The Cultural Centres are funded through grants which are disbursed on a quarterly basis and managed by the respective Administrators appointed by the Department. The following Cultural Centres were funded by government grants in 2007.

Table 5.12: Grants paid to Cultural Centres

Cultural Centre	Govt Grant (\$)	Comments
Suva	35,000	Partially complied with the Grants policy. Fixed assets were not disclosed.
Nadi	21,000	Partially complied with the Grants policy. Fixed assets were not disclosed.
Savusavu	25,000	Partially complied with the Grants policy. Fixed assets were not disclosed.
Labasa	21,000	Report provided only for 3rd and 4th Quarter. Fixed assets not disclosed.
Nausori	21,000	Report provided only for 3rd and 4th Quarter. Fixed assets not disclosed.

The following anomalies in relation to the grants disbursed to the Cultural Centres were noted:

- failure to submit acquittal reports;
- failure to disclose details of fixed assets;
- hourly rates for the teachers/tutors were not disclosed; and
- FNPF contributions were not deducted from the Administrators' salary

The above indicates that the Ministry failed to carefully scrutinise reports submitted by the Cultural Centres. Effective monitoring and acquittal process are essential elements of any scheme of financial assistance as they provide assurance that grant conditions have been complied with.

Recommendations

- **The Ministry should ensure that the Centres submit acquittal reports before grants are paid.**
- **The Centres should be provided a standard reporting format to ensure that all relevant information required for decision making are provided.**
- **Audited Financial Statements should be submitted to the Department annually.**
- **The checking and verification processes of reports and acquittals submitted by the Cultural Centres should be improved.**

Management Comments

There have been improvements on the submission of Acquittal Reports recently since the Department have conducted follow-up for the respective Cultural Centres.

As for June 2008 our Accountant has visited Savusavu, Labasa and the Nausori Cultural Centres to conduct stocktake and audit Cultural Centre's Books. The rest will be done by September.

The Suva Cultural Centre who received the most Grant has been forthcoming with their Financial Statements.

Finally, the Department of Multi-Ethnic Affairs while trying to update some administrative arrangements with the Cultural Centres, it is also reviewing this core function which has a \$161,500 grant annually.

5.16 Payment of Salary Increment without Approval

Proper controls over engaging employees and salary payments reduce the risk of fraudulent or unauthorized payments and inaccurate payroll.¹⁹

An employee must not make improper use of official information or of the employee's duties, status, power or authority in order to gain, a benefit or advantage for the employee or for any one else.²⁰ The employee must at all times behave in a way that upholds the Public Service Values and the integrity and good reputation of the public service.²¹

Dhirendra Singh was appointed as the Administrator – Nadi Cultural Centre with effect from 01/01/06 to 31/12/06. In 2007, he was re-appointed to the position on the same terms and conditions.

As per the terms his appointment, Mr. Singh was entitled to an annual gross salary of \$5,000 subject to PAYE and FNPF deductions. Audit verification of the acquittal reports for 2006 and 2007 indicated that Mr. Singh paid himself \$8,400 per annum in both the years without seeking prior approval from the Ministry. In addition, FNPF deductions were not made.

The above has resulted in an unauthorized payment of \$6,800.

Recommendations

- **The overpayment of \$6,800 should be recovered from the officer.**
- **The Department should discipline the officer for non-compliance with rules and regulations.**

Management Comments

The arrangement in terms of appointment is that the DMEA appoints the Administrator annually who looks after the administration of the Centre. An explanation is being sought from the Administrator Mr Dhirendra Kuar Singh on the increase in salary, and to allow him to pay the difference and subsequently caution him for this abuse.

The other alternative that we would put in place is to reduce the 2nd quarter 2008 allocation for Nadi Cultural Centre to the sum of the difference incurred. Currently the Department of Multi-Ethnic Affairs is reviewing the District Advisory Council structure and arrangements to bring about procedure to enhance DAC Management arrangements.

5.17 Recovery of Bond

The Ministry can anytime terminate scholarship award if the student abandons studies without the approval of the Ministry.²²

Where there is a termination of award, all money that has been spent should be refunded by the student as provided under the scholarship bond.²³

A number of cases have been noted whereby the students have failed to pay off their bonds on voluntary withdrawals of scholarships. Refer to Table 5.13 for examples:

¹⁹ Finance Manual Part 4

²⁰ PSC - Code of Conduct(10)

²¹ PSC – Code of Conduct (12)

²² Standard Operating Procedures – Scholarship 3.9.1

²³ Standard Operating Procedures – Scholarship 3.2.5

Table 5.13: Non recovery of Bond

Name	Amount \$
Romika Singh	3,793.00
Maureen Lata	4,289.83
Sandeep Singh	4,368.00
Kesho Lal	3,848.00
Rajjinesh Prasad	3,236.33
Nazia Ali	9,630.00
Elvin Prasad	2,197.00

Failure by the Department to execute the provisions of the scholarship bond will result in substantial funds not being able to be recovered.

Recommendations

The Department should ensure that the cost already incurred on students who voluntarily withdraw from the scholarship are recovered.

Management Comments

The Department of Multi-Ethnic Affairs has followed avenues like telephone calls, letters to the students and their guarantors to honour the bond they have signed.

Due to the non, or low response to our communication from those recipients of the Scholarship, the Department of Multi-Ethnic Affairs now seeks Legal opinions from the Attorney General's Office for assistance in the recovery or for any other decisions to address the problem of the non-payment of bond on withdrawal cases.

Appendix 5.1: Misappropriation of funds by Raymond Morrell

Date	Chq/JV No.	Amount (\$)
16/02/07	9337	375.00
19/02/07	9339	800.00
22/02/07	9377	230.00
22/02/07	9378	230.00
23/02/07	9397	497.00
28/02/07	9398	392.50
7/3/2007	9408	550.00
13/03/07	9436	795.00
15/03/07	9451	795.00
16/03/07	9457	390.00
15/03/07	9458	755.00
21/03/07	9479	675.00
30/03/07	9490	995.00
30/03/07	9491	495.00
12/04/07	9540	510.00
26/04/07	9894	595.00
10/05/07	10175	565.00
17/05/07	10201	475.00
22/05/07	10353	320.00
21/05/07	10354	350.00
25/05/07	10393	450.00
01/06/07	10419	675.00
06/07/07	10614	380.00
23/07/07	10718	460.00
26/07/07	10751	350.75
10/08/07	11349	3,700.00
24/01/08	JV 13/07	356.60
Total		\$17,161.85

Section 6**Ministry of Defence, National Security & Immigration****Programme Statement**

The Department of Home Affairs is responsible for formulating and implementing policies in respect of defence, security and intelligence, law and order and immigration and the strategic coordination of Government's response to national crisis and emergency situations.

The Department of Immigration is responsible for the administration of immigration functions throughout the country. This includes the formulation and implementation of policies relating to Visitor permits; work permits; investments; Passports & Citizenship. Maintaining services at the various ports of entry.

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CONSOLIDATED FINANCIAL STATEMENT

6.1 Audit Opinion

The audit of the 2007 accounts of Ministry of Defence, National Security & Immigration resulted in the issue of a qualified audit report.

The accounts were qualified for the following reasons:

- a) The amounts in the Statements of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Ministry under each output.
- b) The Ministry has not provided the following contrary to Finance Instructions 82(1):
 - a Statement of Losses; and
 - a Trust Fund Account Statement of Receipts and Payments The Financial Management Information System shows that the Ministry as at 31/12/07 had trust funds totalling \$9,404,239 and operating trust funds totalling \$93,818.

6.2 Statement of Receipts and Expenditures

The Ministry incurred a total expenditure of \$3,746,199 in 2007 compared to \$4,202,071 in 2006. Refer to Table 6.1 for details.

Table 6.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue	7,167,334	7,111,322
Agency Revenue	1,393	2,204
TOTAL REVENUE	7,168,727	7,113,526
EXPENDITURES		
Operating		
Established staff	1,973,037	2,634,160
Unestablished staff	249,114	287,555
Travel & communication	207,925	218,319
Maintenance & Operations	173,488	141,215
Purchase of goods & services	643,678	384,114
Operating grants & transfers	8,724	460
Special expenditures	170,630	196,327
Total Operating Costs	3,426,596	3,862,150
Capital Expenditure		
Capital Construction	-	296
Capital Purchases	-	75,156

Description	2007 \$	2006 \$
Total Capital Expenditure	-	75,452
Value Added Tax	319,603	264,469
TOTAL EXPENDITURES	3,746,199	4,202,071

6.3 Statement of Output Costs

The Statement of Output Costs consolidates the 2 outputs prescribed in the Budget Estimates. These are detailed in Appendix 6.1.

6.4 Appropriation Statement

The Ministry incurred expenditures totalling \$3,746,199 in 2007 against the budget of \$5,402,241 resulting in a savings of \$1,656,042 or 31%.

Details of expenditures against the budget estimates are provided in Table 6.2.

Table 6.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	2,917,140		2,917,140	1,973,037	0	944,103
2	Unestablished Staff	247,397		247,397	249,114	0	(1,717)
3	Travel & Communication	188,000	68,100	256,100	207,925	0	48,175
4	Maintenance & Operations	174,742	45,400	220,142	173,488	0	46,654
5	Purchase of Goods & Services	688,762	81,300	770,062	643,678	0	126,384
6	Operating Grants & Transfers	29,200	0	29,200	8,724	0	20,476
7	Special Expenditure	560,000	(194,800)	365,200	170,630	0	194,570
	Total Operating Costs	4,805,241	0	4,805,241	3,426,596	0	1,378,645
13	Value Added Tax	597,000	0	597,000	319,603	0	277,397
	TOTAL EXPENDITURE	5,402,241	0	5,402,241	3,746,199	0	1,656,042

The Ministry of Finance approved the transfer of funds totalling \$194,800 within the Ministry's budget during the year. However, these were not necessary as the original budgets were sufficient to cover all SEG's expenditures.

AUDIT FINDINGS

6.5 Agency Financial Statements

Commencing 2006 financial year, each annual report must include financial statements which have been prepared and signed in accordance with the Finance Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.¹

The draft financial statements must be submitted to the Auditor General by 31 March in the following year, or within such other time as agreed to with the Auditor General.²

The Ministry submitted its Financial Statements for audit on 25/04/08. The financial statements were not prepared in accordance with Section 82 and Schedule 1 of the Finance Instructions 2005.

The following discrepancies were noted:

- The Ministry did not submit for audit a Statement Losses and Trust Fund Statement of Receipts and Payments as required.
- The amounts in the Statements of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Ministry under each output.

Recommendation

The Ministry should ensure that the requirements of the Finance Instructions are complied with.

Management Comments

6.6 Preparation of Monthly Reconciliation

Complete reconciliation shall be effected on each occasion when a bank statement is obtained and a reconciliation statement detailing unreceipted deposits and unpresented cheques, shall be completed on or attached to the bank statement.³

The Revolving Fund Reconciliation should be submitted to Ministry of Finance within the timeframe set by the Ministry.⁴

Within 5 days after the end of each month, the Accounts Officer shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.⁵

According to Appendices 3, 19 and 23B of the Accounts and Finance, the Ministry as at 31/12/07 had the following balances detailed in Table 6.3.

¹ Finance Instructions 2005 – 81 (2)

² Finance Instructions 2005 – 81 (3)

³ Financial Instructions (1982) section (91(2))

⁴ PSC Finance Manual 2005 17.3.2

⁵ PSC Finance Manual 2005 15.4.1

Table 6.3: Summary of Appendices

Appendix	Department of Home Affairs	Department of Immigration
Appendix 3 – Cash and Bank (Unpresented Cheques)	27,243	290,303
Appendix 19 – Revolving Fund Miscellaneous	6,135	13,023
Appendix 23A – Trust Fund	-	9,404,239
Appendix 23B – Operating Trust Fund	89,324	4,495

The Departments did not carry out monthly Trust Fund and Drawings Account reconciliations in 2007. The Department of Home Affairs has not prepared any monthly drawings account reconciliation since 2004.

The closing balances for the December reconciliation prepared by the Department of Home Affairs did not reconcile with the closing balances of the general ledger (FMIS). Refer to Table 6.4 for details.

Table 6.4: Variances between General Ledger and Department Figure

Description	General Ledger (FMIS) \$	Department Figure \$	Variance \$
Revolving Fund Reconciliations	6,135	2,651	3,484
Trust Fund Reconciliations	89,324	20,532	68,792

The above clearly indicates the lack of supervisory checks on the monthly reconciliations prepared by the Departments.

Failure to prepare and submit proper and accurate reconciliations to the Ministry of Finance on a timely manner is a breach of the Finance Instructions.

Recommendations

- **The Ministry should ensure that monthly reconciliations are carried out in a timely manner to avoid work backlog.**
- **The Officer in charge of the Accounts Section should be disciplined for failing to comply with the Finance Instructions regarding the preparation of reconciliations for the Revolving Fund Accounts, Trust Fund Accounts and Drawings Accounts.**
- **Supervisory checks on monthly reconciliations should be improved to ensure the accuracy of the balances reflected in the reconciliations.**

Management Comments

DEPARTMENT OF HOME AFFAIRS

6.7 Telephone Charges

Officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent. The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the

community and having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures do not occur.⁶

The Department has been incurring substantial telephone charges over the years and this issue has been continuously raised in the Auditor General's Report.

In 2007, the Department was allocated \$75,000 for telecommunication. Additional fund of \$50,000 was vired from SEG 7 – Year of Veterans allocation to cover the excess expenditure of \$48,795 that was incurred on telecommunication.

The following anomalies, which could be contributing factors to the high telecommunication expenditures:

- excessive line charges, which for 2007 was approximately \$80,000;
- absence of control mechanisms such as switchboard to monitor outgoing calls, hence distinguishing official calls from personal calls is difficult to carry out;
- staffs have direct and open access to telephones;
- staffs with official mobile phones do not have predetermined limits on usage.

The Ministry will continue to incur high telecommunication charges and overspend its budgetary allocation if proper records are not maintained and controls introduced to contain the telecommunication expenses.

Recommendations

- **Although the Ministry does not have any control over the telephone system currently in use, it should however institute other measures or implement previous audit recommendations to ensure that the telecommunication budgetary allocation is not overspent.**
- **Mobile phone bills should be thoroughly scrutinised and any unofficial charges should be refunded by Officers concerned.**
- **The Department should set limits on the usage of mobile phones and any amounts incurred above these limits should be refunded by the relevant officers.**

Management Comments

The ministry has since implemented stringent measures in order to curb the high expenditure in the telecommunications expenditure.

Mobile phone charges

The Minister, Permanent Secretary and the Deputy Secretary have continued to be issued with open-mobile system, however, the remaining three [3] managers, two [2] of whom have been approved limits of \$100 per month. The remaining one [1] manager is on a limit of \$50 per month.

These limits have been installed by Vodafone Fiji Ltd in the three [3] respective mobile phone numbers, in the event that the limit has been reached, these three [3] managers cannot dial out, but can only replenish their mobile phones until the next monthly replenishment of their mobiles.

The unofficial charges are still scrutinized and are still to be paid by these managers, at the same time, we have noted that we have managed to curb the mobile phone charges.

We commend Vodafone Fiji Ltd for implementing these changes in installing prescribed monthly limits immediately.

⁶ Finance Manual Part 2

Telecomm charges

The Permanent Secretary as head of this ministry has approved that except for the offices of the Minister, Permanent Secretary, Deputy Secretary who will still operate on open lines, all other officers of this ministry will be issued with Recharge Cards ranging from \$50-\$100 per month depending on the positions in this ministry.

However, it is disappointing to note, that unlike Vodafone Fiji Ltd for their immediate actions, Telecomm Fiji Ltd has really dragged its feet on this issue.

Mr. Peniame Naqasima, the ministry's Deputy Secretary is spearheading our efforts in trying to get Telecomm Fiji Ltd to implement our request and we hope that it will be anytime soon that we will be able to effect these charges in the issuance of Recharge Cards to respective staff of the ministry.

DEPARTMENT OF IMMIGRATION**6.8 Unaccounted Revenue**

The revenue collector must enter relevant details specified on the receipt before signing it. Carbon copies of the receipts should be checked to ensure that details on the original receipt are also legible on these copies. No amendments shall be made to the carbon copies. The original receipt should be detached from the receipt book and issued to the payer. The Revenue Collector shall retain the book copy and attach the duplicate receipt to the cash book. If the receipt is spoiled it shall be marked "cancelled" and retained in the receipt book.⁷

The Revenue Collector must total the cashbook at the end of the day and give it to the Accounts Officer or Sectional Supervisor for checking. The Accounts Officer or Sectional Supervisor must sign the cashbook after checking the details in the cashbook against the issued receipts, money on hand and bank lodgement forms.⁸

A number of incidences of possible fraudulent activities were noted with regards to receipting of revenue. Scrutiny of revenue receipts and verifications to the passport applications and vetting sheets revealed variations in the revenue recorded in the two documents. Audit tests carried out on revenue recorded for the month of December 2007 revealed unaccounted revenue totaling \$9,064. Refer to *Appendix 6.2* for details.

Third party confirmations from applicants that audit managed to contact established that there was indeed manipulation with the receipting and banking of revenue. Refer to Table 6.5 for applicants that had provided confirmations:

Table 6.5: Details of Receipting and Banking of Revenue

Date	Serial No.	Receipt No.	Amount as per Application Form \$	Amount Lodged as per Lodgments \$	Unaccounted Revenue \$	Cashier	Comments
18/12/07	S23395/07	843132	185*4=740.00	74.00	666.00	Kesa	Third party confirmation = \$740
	S23396/07					Kesa	
	S23394/07					Kesa	

⁷Department of Immigration Finance Manual – Section 5.3.1 to 5.3.5

⁸Department of Immigration Finance Manual – Section 5.5.2

Date	Serial No.	Receipt No.	Amount as per Application Form \$	Amount Lodged as per Lodgments \$	Unaccounted Revenue \$	Cashier	Comments
	S23393/07					Kesa	
24/12/07	S23825/07	843671	185.00	12.00	173.00	Kesa	Third party confirmation = \$185
27/12/07	S23829/07	843669	185.00	12.00	173.00	Kesa	Third party confirmation = \$185
	S23918/07	843760	185.00	74.00	111.00	Kesa	Third party confirmation = \$185

The above anomaly indicated poor supervisory checks on receipting and banking of revenue.

The amount of unaccounted revenue of \$9,064 relates to one month's transactions only and as such the risk of a substantial sum of revenue being misappropriated is high.

Recommendations

- **Further investigations should be conducted by the Ministry of Finance and appropriate disciplinary actions instituted against the responsible officers.**
- **The Department should consider automating the revenue receipting system.**
- **Internal control pertaining to revenue as stated in the Department's Finance Manual should be strictly adhered to prevent incidences that could lead to misappropriation of revenue.**

Management Comments

The case is now with Police and chargers will be laid soon. The officers are suspended without salary with effect from 22nd April 2008. We are in the process of automating the revenue receipting systems and still await the FMIS receipting module.

Your comment is noted.

6.9 Overpayment of Salaries upon Suspension

Specific timeline of three (3) months had been put in place in 2005 to complete and finalise all disciplinary proceedings from the date charges are laid and/or suspension is effected to the time the Public Service Commission finally makes its decision. All Permanent Secretaries were requested to work cooperatively with the Commission in order to complete the disciplinary process in 3 months.⁹

The Public Service Commission may suspend an employee from duty if the Commission believes that the employee has breached the Public Service Code of Conduct; and the proper management of employee's department may be prejudiced if the employee is not suspended.¹⁰

The suspension period of the first three (3) months shall be without pay.¹¹ The Commission may cancel a suspension at any time. The Commission may decide that an employee who is suspended

⁹ PSC Circular No. 17/2005

¹⁰ Public Service Regulations 1999 - 23 (1)

¹¹ PSC Circular No. 17/2005

from duty is entitled to all or part of the remuneration payable for all or part of the period of suspension.¹²

Immigration Officer Udai Kumar was suspended from duty with effect from 5/6/07 after being charged by the Fiji Independent Commission Against Corruption (FICAC) for official corruption. The officer was notified by the then Permanent Secretary responsible for the Immigration Department that he would be disqualified from receiving any remuneration during the period of suspension. However, the Officer continued to receive full salary for the first 3 months of suspension which resulted in an overpayment of \$2,739.85. Refer to Table 6.6 for details.

Table 6.6: Details of Overpayment

Pay No.	Audit Calculation \$	Actual Paid \$	Overpayment \$	Remarks
12/07	70.33	984.61	914.29	Pay was only supposed to be for 1 day and not 14 days
13/07-16/07	-	-	-	Pay was ceased.
17/07	-	984.61	984.61	Pay should have been ceased.
18/07	140.66	984.61	840.95	Pay was only supposed to be for 4 days and not 14 days
TOTAL OVERPAYMENT			2,739.85	

There was no evidence provided during the audit to indicate a change in his status and entitlement to remuneration from that given by the Permanent Secretary on 5/6/07. However, the officer received full remuneration instead of 50% after the first three months of suspension which from Pay 19/07 to Pay 07/08 amounted to \$7,726.55. The officer's disciplinary case is still pending.

Some officers have also been on suspension for a long period of time with their disciplinary cases still pending to be resolved. Refer to Table 6.7 below for examples:

Table 6.7: Timeline of Suspension

Name	Date of Suspension	Remarks
Eroni Tuberi	20/12/05	Officer on 50% salary
Aisea Volau	20/12/05	Officer on 50% salary

The failure to promptly settle disciplinary cases or have clear directives given by the relevant authorities as to the period of suspension and entitlement to remuneration have resulted in the overpayment of salaries.

The overpayments may also imply inadequate supervisory checks on payroll and that internal controls stated in the Finance Manual may not have been complied with at all times.

Recommendations

- **The overpayment of salary should be immediately recovered from the Officer.**
- **Salary adjustments should be made to reflect the current rate after the 5% deductions and any overpayment of salaries should be recovered.**
- **The Department should liaise closely with the Commission and clear the cases immediately.**

¹² Public Service Regulations 1999 - duty 23 (2) (3) & (4)

Management Comments

The overpayment of salary is being recovered from the officer's salary – Immigration Officer, Udai Kumar Nath.

Salary adjustments towards Eroni Tuberi and Aisea Volau was adjusted also overpayment has been recovered.

The two officers have been reinstated and demoted to Assistant Immigration Officers.

Further OAG Comments

Verification of the comments provided by the Department revealed the recovery has yet to commence.¹³

6.10 Upgrading of Information System

Appropriation of funds by the Appropriation Act shall not extend beyond the end of the financial year to which that Act relates. It shall not be permitted to carry forward the unexpended balances of money appropriated in one financial year for use in a subsequent year.¹⁴

The Department had embarked in upgrading the information system due to the various limitations it has. In 2006, a sum of \$1,530,700 was allocated to facilitate the upgrading of the system.

On 30/04/06, the Department entered into an agreement with SITA - Advanced Travel Solutions Ltd, a company registered in the United Kingdom, to provide the service. Audit noted that only \$32,944 in expenditure was incurred on the budgetary provision provided in 2006 and due to the unavailability of funds in 2007, the Department suspended the project. However as the agreement had been signed, the Department had continued to incur monthly license fees of US\$17,494.

Explanations obtained during the audit revealed that if the Department decides to terminate the agreement, it will risk facing a liability of up to US\$2 million.

With the project pending and no constructive actions taken to rectify the problem, the monthly payment is a waste of government resources.

Recommendation

The Department should seriously consider the legal implications and costs associated with the agreement and seek immediate resolution to the issue.

Management Comments

We are still in the process of seeking legal advice.

The discussion with SITA in 2007 was for the program to be temporarily suspended due to the political events and the consequent economic effect that resulted in the withdrawal of funds for SITA. A Cabinet Paper has been prepared by the Ministry of Defence, National Security, Disaster Management and Immigration recommending the reinstatement of the Advanced Passenger Information (API) provided by SITA. This is part of the strengthening of border control capacity at Fiji's ports of entry. Negotiations with SITA will be undertaken to work out the amount that has to be paid. It is envisaged that the amount payable to SITA after the reinstatement of the contract will be far less than the payout if the contract is terminated.

¹³ Date of verification – 29/07/08

¹⁴ Finance Instruction 9(2)

6.11 Illegal Immigrants

The Permanent Secretary may make a written order directing a prohibited immigrant to leave the Fiji Islands and remain out of the Fiji Islands either indefinitely or for a period specified in the order. An order made under this Section must be carried out into effect in such a manner as the Permanent Secretary directs in writing, including the removal of person by use of reasonable force if necessary.¹⁵

A visitor's permit shall entitle a visitor to remain in Fiji for any period not exceeding four months and the Permanent Secretary may extend the period of neither more than two months nor for more than six months in aggregate.¹⁶ Any person who is not the holder of a valid permit issued under the provision of this Act shall be a prohibited immigrant and his entry into or presence in Fiji shall be unlawful.¹⁷

The Department lacks the capacity to expedite the removal of individuals identified to be staying illegally in the country. As a result, they were able to exploit loop holes in the relevant immigration laws, and continued to reside in the country illegally. Refer to the Appendix 6.3 for examples of cases of persons residing illegally in the country.

Most cases of illegal immigrants reported from the Northern Division and outer islands were not followed up by the Department due to lack of resources.

Recommendation

With the limited resources, the Department should implement a more structured approach in monitoring immigrants to ensure that cases of immigrants overstaying as a result of expiry of permits are dealt with promptly.

Management Comments

The department has faced the problem of removing the illegal immigrant for a long time. This was mainly due to lack of field officers, lack of resources and inadequate legislation. One will note that there was no organized compliance division in the department. This section was dealt on 'ad hoc' basis or left unattended for long periods. The performance of this division was also hindered by political, social and individual interferences.

The department is now geared to tackle this issue seriously but is handicapped due to lack of manpower and resources. Speedy removals are also hindered by court injunction.

Further OAG Comments

The Department has yet to provide an update on these cases.

6.12 Delay in Finalising Appeal Cases

Any person aggrieved by a decision of an immigration officer under the provisions of the Immigration Act may appeal therefrom by petition in writing to the Minister who may, in his discretion, uphold, vary or revoke such decision; provided that any such appeal or action is lodged or commenced within fourteen (14) days of such decision.¹⁸

Audit of records pertaining to appealing of decisions made by Immigration Officers revealed a number of breaches with compliance procedures. Refer to the following cases for examples:

¹⁵ Immigration Act 2003 – Section 15

¹⁶ Immigration Act Cap 88, Section 9 (3) & (4)

¹⁷ Immigration Act Cap 88, Section 11 – 2 (1)

¹⁸ Immigration Act section 18 (1) & (2)

Mr. Yong Jin Yun

On 20/6/07, the Department cancelled the permit of the subject and subsequently the permits for his family as he was no longer employed with the Fiji Institute Technology. The institution was alleged to have provided misleading information to the Department.

An appeal was made on 14/7/07, 24 days from the date of the decision. The appeal fee was receipted 6 months later. To date¹⁹ the case is still pending.

Ms. Huang Jihua & Mr. Jiang Shendi

On 22/5/07, the Department declined the subjects' application for Residence Permit in lieu of the applicant, Ms Huang Jihua, submitting falsified information.

An appeal fee was receipted on 01/06/07 but audit could not establish the grounds for appeal. To date the case is still yet to be finalized.

Mr. Gregory Priest

On 7/8/07, the Department declined the subject's application for work permit on the ground that he had a previous conviction.

An appeal fee was receipted on 03/09/07, approximately one month from the date of the decision. The case has yet to be finalized.

Mr. Andrew Tinker

On 10/2/05, the Department declined the subject's application for work permit on the grounds that he was working and residing illegally in the country. An appeal was made on 22/2/05.

Three years after the date of appeal, the case is still yet to be finalised and the subject is still residing illegally in the country.

The Appeals Register was not properly maintained and was only updated to May 2006 and as such the scope of audit testing was limited and based only on the limited information provided during the audit.

Recommendations

- **The Department should ensure that appeal cases are attended to promptly and that relevant provisions of the Immigration Act are strictly adhered to avoid the possibility of immigrants exploiting the system to their benefits.**
- **Appeals should only be entertained within 14 days from the date the decisions to reject permit applications are made.**

Management Comments

The division is a one man army. The responsibilities of appeals vested on IOR & D and now on MCI. It is acknowledged that appeal case have been delayed and we should not forget that now new legislations have been

¹⁹ Date of audit – 05/02/2008

introduced that would require much research and correspondence to provide a comprehensive report for consideration. This will need extra staff to assist to build up the appeal cases with more transparency and sense of justice.

Further OAG Comments

The Department has yet to provide an update on these cases.

6.13 Immigration Bond

The Clerical Officer – Reconciliation must submit the trust reconciliation to the Accounts Officer within 10 days of the end of the month.²⁰

The Trust Fund Account balance is made up of Immigration Bonds for non-Fiji citizens who are issued permits. The funds are refunded to applicants when they leave the country on the expiry of their permits or utilized for deportation if permit holders breach the conditions of their permits.

The Department failed to carry out monthly reconciliations of the Trust Fund account from April to December 2007. The latest reconciliation prepared was for the month of March and as at 30/3/07, a total of \$8.7 million was maintained under trust by the Department.

The substantial amount of security bonds received annually by the Department warrant the regular and consistent preparation of monthly reconciliations as it is an internal control to ensure accountability of funds. As reconciliations have not been carried out for months, the risks of fraud and misappropriation of funds is high.

Recommendations

- **Trust Fund reconciliations should be prepared on a monthly basis to ensure that funds held in trust are properly accounted for.**
- **Supervisory control in the Accounts Section should be improved to ensure that the provisions of the Finance Manual are complied with at all times.**

Management Comments

The recommendations are noted. Reconciliation has been falling behind due to the shortage of staff at the Accounts section. They have been working overtime on the matter and considerable progress has been made. Reconciliation is now up to March 2007. This area of accounts section work will improve with the increase in the number of staff in the section and the Department is committed to bringing the reconciliation up to date.

6.14 The Oracle System

The Department uses the Oracle system to organize and process immigration applications and other requirements. The system should ably assist in generating relevant reports to facilitate the administration and operation of the Department.

Upon request of relevant reports for audit purposes, it was revealed that the system is not capable of producing reports that are critical to the operation of the Department. The following essential reports could not be easily accessible:

²⁰ Immigration Department Finance Manual 15.4.4

- an over-stayers' list – monthly/quarterly/annual reports on permits (work, visitors, student) that have expired with permit holders still residing in the country;
- monthly/annual reconciliations of permit applications;
- investment reports; and
- statistics of visitor arrivals.

The system is not fully serving its purposes as there is still heavy reliance on manual checking and cases reported by the public.

Recommendation

A review of the current system should be carried out so as to ensure that it generates reports that are useful to the operations of the Department.

Management Comments

The Department of Immigration and Primary Line Officers based with FIRCA use the Immigration system on daily basis to process in-coming and out-going passengers. The system is used on most of the ports of entry and in all the Immigration offices.

The system has a number of applications which include passport processing, permit processing, updating of watch list and so on. The system is very useful for daily process but on the other hand it has some issues that need to be ironed out. The system is maintained by ITC for daily operations and for any upgrade. At times the request for reports is not fulfilled as the system is unable to generate these reports.

In 2006 the Department had called for tender, short listed potential vendors and identified a new vendor for a new system but the funds for this project was withdrawn by Ministry of Finance, thus the projected was not implemented.

An upgrade to the current system is highly warranted but due to financial constraints the department has to work with current system. The database is quite enhanced and is used by a number of stake-holders for their reports and data is used to project a number of reports.

The Immigration system has a number of feature that are used by the officers for daily work and upgrade to the current system will really boost the performance and it will help produce quality report that will help make defined decisions.

Appendix 6.1: Statement of Output Costs

General Administration

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	643,648	1,173,488
Unestablished Staff	142,046	189,462
Travel & Communication	129,647	151,463
Maintenance & Operations	19,887	30,746
Purchase of Goods & Services	73,346	68,178
Special Expenditures	8,724	460
Operating Grants & Transfers	143,216	171,277
Total Operating Costs	1,160,514	1,785,074
Capital Expenditure		
Construction	0	296
Purchases	0	42,213
Total Capital Expenditure	0	42,509
Value Added Tax	97,866	85,464
TOTAL EXPENDITURE	1,258,380	1,913,047

Immigration Controls

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,329,389	1,460,672
Unestablished Staff	107,069	98,093
Travel & Communication	78,278	66,856
Maintenance & Operations	153,601	110,469
Purchase of Goods & Services	570,332	315,936
Special Expenditures	0	0
Operating Grants & Transfers	27,414	25,050
Total Operating Costs	2,266,083	2,077,076
Capital Expenditure		
Purchase	0	32,944
Total Capital Expenditure	0	32,944
Value Added Tax	221,737	179,005
TOTAL EXPENDITURE	2,487,820	2,289,025

Appendix 6.2: Unaccounted Revenue

Date	Serial No.	Receipt Number	Amount as per Application Form \$	Amount Lodged as per Lodgements \$	Amount not accounted for \$	Cashier	Comments
03/12/07	S22276/07	822841	185.00	74.00	111.00	Senikau	
	S22277/07	822854	$74 * 2 = 148.00$	370.00	148.00	Kesa	
	S22278/07						
	S22290/07	822864	185.00	74.00	111.00	Kesa	
04/12/07	S22355/07	822935	185.00	12.00	173.00	Kesa	
	S22360/07	822941	185.00	74.00	111.00	Kesa	
10/12/07	S22751/07	823390	296.00	74.00	222.00	Kesa	
11/12/07	S22803/07	823445	185.00	74.00	111.00	Kesa	
	S22812/07	823453	$185 * 5 = 925.00$ $74 * 1 = 74.00$	74.00	925.00	Kesa	Applications lodged by Jotis Travel Agency
	S22813/07						
	S22814/07						
	S22816/07						
	S22817/07						
	S22815/07						
	S22870/07 S22871/07	842517	$185 * 2 = 378.00$	$74 * 2 = 148.00$	230.00	Kesa	
12/12/07	S22926/07	843570	296.00	74.00	222.00	Senikau	
13/12/07	S23036/07 S23037/07	842707	592.00	12.00	580.00	Kesa	
14/12/07	S23177/07	842856	296.00	12.00	284.00	Kesa	
	S23252/07	842943	185.00	12.00	173.00	Kesa	
	S23255/07	842943	185.00	185.00 Receipt cancelled	185.00	Kesa	
18/12/07	S23360/07	843131	185.00	74.00	111.00	Kesa	
	S23395/07	843132	$185 * 4 = 740.00$	74.00	666.00	Kesa	Third party confirmation = \$740
	S23396/07					Kesa	
	S23394/07					Kesa	
	S23393/07					Kesa	
19/12/07	S23534/07	843298	185.00	74.00	111.00	Kesa	

Date	Serial No.	Receipt Number	Amount as per Application Form \$	Amount Lodged as per Lodgements \$	Amount not accounted for \$	Cashier	Comments
	S23525/07	843292	185 * 2=370.00	74.00	296.00	Kesa	
	S23526/07					Kesa	
	S23563/07	843340	185.00	12.00	173.00	Kesa	
	S23536/07	843300	185.00	74.00	111.00	Senikau	
21/12/07	S23823/07	843662	185.00	74.00	111.00	Senikau	
	S23780/07	843616	370.00	74.00	296.00	Kesa	
	S23781/07						
	S23755/07	843584	370.00	12.00	358.00	Kesa	
	S23756/07						
24/12/07	S23825/07	843671	185.00	12.00	173.00	Kesa	Third party confirmation = \$185
	S23837/07	843676	185.00	74.00	111.00	Kesa	
	S23844/07	843686	296.00	74.00	222.00		
	S23857/07	843695	185 * 2 = 370.00	74.00	296.00	Kesa	
	S23856/07						
	S23840/07	843680	185.00	74.00	111.00	Kesa	
27/12/07	S23829/07	843669	185.00	12.00	173.00	Kesa	Third party confirmation = \$185
	S23918/07	843760	185.00	74.00	111.00	Kesa	Third party confirmation = \$185
	S23902/07	843747	185.00	12.00	173.00	Senikau	
	S23922/07	843771	296.00	74.00	222.00	Kesa	
	S23911/07	843756	296.00	74.00	222.00	Kesa	
	S23926/07	843776	185.00	74.00	111.00	Kesa	
	S23925/07	843776	185.00	Cancelled receipt	185.00	Kesa	
	S23892/07	843737	185.00	12.00	173.00	Senikau	
	S23982/07	843838	185.00	74.00	111.00	Kesa	
	S23984	843840	296.00	74.00	222.00	Kesa	
	S23956/07	843805	185 * 2 =	74.00	296.00	Kesa	

Date	Serial No.	Receipt Number	Amount as per Application Form \$	Amount Lodged as per Lodgements \$	Amount not accounted for \$	Cashier	Comments
	S23957/07		370.00			Kesa	
29/12/07	S23963/07	843815	185.00	74.00	111.00	Kesa	
31/12/07	S24032	843896	185.00	74.00	111.00	Kesa	
	S24043	8439061	185.00	74.00	111.00	Kesa	
TOTAL UNACCOUNTED REVENUE FOR DECEMBER 2007					9,064.00		

Appendix 6.3: Persons Residing Illegally in the Country

Immigrant	Date Permit Expired	Date Removal Order (RO) and Detention Warrant (DW) Issued*	Status
Mr. Christopher Tanua	09/04/1998	07/04/2006	RO/DW issued 8 years from date of expiry of permit and case is still pending.
Ms Estrella Trufil	1995		RO/DW was recommended to be signed on 13/09/04 but there was no evidence that it was issued. Case is still pending.
Mr. Husmi Haji Nuur	10/06/2006	30/06/2006	Case is still pending 1 year after expiry of permit.
Ms. Li Yaqin	2000		The subject booked to leave the country on 10/08/2000 but travel records indicate that she is still in the country. No evidence that RO/DW was issued. Case is still open
Mr. Singlair Rakau	28/02/2004		No evidence that RO/DW was issued. Case is still pending 3 years after expiry of permit.
Mr. Li Baoming	07/03/2000		No evidence that RO/DW was issued. Case is still pending 7 years after expiry of permit.
Mr. James Bongnam Manu	27/01/1992		No evidence that RO/DW was issued. Case is still pending 15 years after expiry of permit.
Mr. Baek Yung Joo	04/01/2002	26/10/2004	RO/DW issued 2 years from date of expiry of permit and case is still pending.
Mr. Hilifakinima Vaoleti		24/09/04	A stowaway suspect from Tonga on 07/07/1996. Case is still pending as true identity is yet to be established.
Mr. Goftari Mohammed	06/05/2000		No evidence that RO/DW was issued. Case is still pending 7 years after expiry of permit.
Mr. Dong Jiazhong	10/05/2000	28/04/2005	RO/DW issued 5 years from date of expiry of permit and case is still pending.
Mr. Huang Guo An	30/04/2004		No evidence that RO/DW was issued. Case is still pending 3 years after expiry of permit.
Mr. Lambert Ralph Lyndon	30/02/1999	31/01/2006	RO/DW issued 7 years from date of expiry of permit and case is still pending
Mr Idubor Phillip Kennedy	08/03/2005		No evidence that RO/DW was issued. Case is still pending 2 years after expiry of permit.
Ms. Dong Fen	30/12/2003		No evidence that RO/DW was issued. Case is still pending 4 years after expiry of permit.
Mr. Jeffery Ugochukwi Orji	05/02/2004	13/09/2004	Case is still pending 3 years after expiry of permit.
Ms. Faaletau Faatu	06/06/1999	26/10/2004	RO/DW issued 5 years from date of expiry of permit and case is still pending
Mr. Smith Andy & Stanley Obianwa		01/06/2006	Nigerian nationals who were refused entry upon arrival on 27/07/04. The subjects escaped from detention on 28/07/04. RO/DW issued 2 years later and case is still pending.
Ms. Wu Xiuzhi	15/11/2002	07/10/2004	RO/DW issued 2 years from date of expiry of permit and case is still pending.

* RO/DW: Removal Order/Detention Warrant

Section 7 **Ministry of Labour, Industrial Relations & Productivity, Tourism & Environment**

Programme Statement

The Ministry of Labour, Industrial Relations, Tourism and Environment includes three separate departments with its own specific responsibilities.

Under the Department of Labour the core responsibilities is to pursue the attainment of decent work standards through: the development of healthy workers; the provision of healthy and safe working environment; fair working conditions and stable and constructive labour relations. These responsibilities are achieved by focusing on developing an enabling environment supported by sound labour laws policies and practises.

The Department of Tourism is responsible for the formulation of policy initiative for tourism development, facilitating the development of tourism infrastructure, coordinating the activities of stakeholders' agencies, planning and monitoring the implementation of tourism development programmes, promoting and developing sustainable tourism awareness, and encourage local participation in the industry.

The Department of Environment is responsible for the development of government policy for the protection of the environment and its sustainable use for human resource and policing the use of the environment and ensuring compliance with government policy by economic agents.

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CONSOLIDATED FINANCIAL STATEMENT

7.1 Audit Opinion

The audit of the 2007 accounts of the Ministry of Labour, Industrial Relations & Productivity, Tourism and Environment resulted in the issue of a qualified audit report.

The qualifications are as follows.

1. The amounts in the Statements of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Ministry under each output.
2. The Ministry has not provided the following contrary to Finance Instructions 82(1):
 - a) a Statement of Losses; and
 - b) a Trust Fund Account Statements of Receipts and Payments. The Financial Management Information System shows that the Ministry of Labour and Department of Tourism and Environment, as at 31/12/07, have trust funds totalling \$397,262 and \$101,882 respectively.

7.2 Statement of Receipts and Expenditure

The Ministry of Labour, Industrial Relations & Productivity, Tourism and Environment incurred a total expenditure of \$19,821,196 in 2007 compared to \$26,206,105 in 2006.

Table 7.1: Statement of Receipts and Expenditure for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue	103,377	26,249
Agency Revenue	0	0
TOTAL REVENUE	103,377	26,249
EXPENDITURES		
Operating		
Established staff	3,601,091	4,187,899
Unestablished staff	250,633	278,267
Travel & communication	217,438	234,638
Maintenance & Operations	263,428	317,148
Purchase of goods & services	230,372	303,865
Operating grants & transfers	2,133,080	3,311,321
Special expenditures	1,703,835	3,112,734
Total Operating Expenditure	8,399,877	11,745,872
Capital Expenditures		
Capital Construction	284,059	100,303

Description	2007 \$	2006 \$
Capital Purchases	141,825	0
Capital Grants & Transfers	10,173,393	13,318,176
Total Capital Expenditure	10,599,277	13,418,479
Value Added Tax	822,042	1,041,754
TOTAL EXPENDITURES	19,821,196	26,206,105

7.3 Statement of Output Costs

The Statement of Output Costs consolidates the 10 outputs prescribed in the Budget Estimates, contrary to the required format. These are detailed in *Appendix 7.1*.

7.4 Appropriation Statement

The Ministry of Labour, Industrial Relations & Productivity, Tourism and Environment incurred expenditures totalling \$19,821,196 in 2007 against the budget of \$23,683,655 resulting in a savings of \$3,862,459 or 16%.

Details of expenditures against the budget estimates are provided in Table 7.2

Table 7.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	3,755,921	0	3,755,921	3,601,091	0	154,830
2	Government Wage Earners	261,672	0	261,672	250,633	0	11,039
3	Travel & Communication	232,630	0	232,630	217,438	0	15,192
4	Maintenance & Operations	279,500	0	279,500	263,428	0	16,072
5	Purchase of Goods & Services	247,608	0	247,608	230,372	0	17,236
6	Operating Grants & Transfers	3,792,862	0	3,792,862	2,133,080	0	1,659,782
7	Special Expenditure	2,994,895	0	2,994,895	1,703,835	0	1,291,060
	Total Operating Costs	11,565,088	0	11,565,088	8,399,877	0	3,165,211
	Capital Expenditure						
8	Construction	700,000	0	700,000	284,059	0	415,941
9	Purchases	141,867	0	141,867	141,825	0	42
10	Grants & Transfers	10,300,000	0	10,300,000	1,017,393	0	126,607
	Total Capital Expenditure	11,141,867	0	11,141,867	10,599,277	0	542,590
13	Value Added Tax	976,700	0	976,700	822,042	0	154,658
	TOTAL EXPENDITURE	23,683,655	0	23,683,655	19,821,196	0	3,862,459

AUDIT FINDINGS

MINISTRY OF LABOUR, INDUSTRIAL RELATIONS & PRODUCTIVITY

7.5 Workmen's Compensation claims

If in any employment personal injury by accident and an accident resulting in the death or serious and permanent incapacity arising out of and in the course of the employment is caused to a workman, his employer shall, subject as hereinafter provided, be liable to pay compensation in accordance with the provision of the Act.¹

There are substantial workmen compensation claims that have yet to be settled by the Ministry. The pending death and injury cases totalled 2,411 as at 31/12/07. Refer to Table 7.3 for details:

Table 7.3: Pending Death and Injury Cases

Year	Pending Death Cases	Pending Injury Cases	Total
2001	13	49	62
2002	57	235	292
2003	76	318	394
2004	81	246	327
2005	90	329	419
2006	88	301	389
2007	88	440	528
Total	493	1,918	2,411

Of the 528 cases reported in 2007, 309 were from civil servants working in various Ministries and Departments. Refer to Table 7.4 for details:

Table 7.4: Reported cases from civil servants

Government Department	No. of Cases Reported
Education Department	28
Government Printing	1
RFMF	113
PWD	73
PM's Office	1
Social Welfare Department	1
Police Force	41
Ministry of Fijian Affairs	1
Health Department	16
Fisheries	5
Agriculture	8
Naval Division	4
Prisons	11
Metrological Services	2

¹ Workmen's Compensation Act 5

Government Department	No. of Cases Reported
Energy Department	1
Divisional Department	1
Tourism	1
Government Supplies	1
Total	309

A total of \$886,442 was paid as compensation to civil servants in 2007 with the highest payments made to workers in the Police Department, Public Works Department and the RFMF. Refer to *Appendix 7. 2* for details of compensations paid to civil servants.

The high number of cases reported and increase in claims by civil servants implies that most work activities and facilities in Ministries and Departments may not be OHS compliant.

Recommendations

- **The Ministry should ensure that clients' demands are met by resolving all outstanding compensation cases as soon as practicable.**
- **The Ministry should ensure that Government Ministries and Departments comply with the OHS regulations so that injuries at the workplace could be minimised.**

Management Comments

On the issue of "...resolving all outstanding compensation cases as soon as practicable", the ministry put in place short and long-term strategies within available resources to achieve this. The short-term strategy implemented is the setting up of small task forces from within the HQ's workmen's compensation section targeting specific areas in terms of industrial classification. Through this initiative the Section has been able to settle 52 cases within 4 months. On the long term the Ministry has been liaising closely with the Ministry of Health on the quick response from medical practitioners in terms of furnishing the medical assessment for compensation cases.

It may be important to note at this juncture that by our definition 'outstanding cases' are those that have been reported and yet to be settled. The first table above gives the year of the date of injury or accident (DOA). In most cases incidents of injuries and/or illnesses are reported to the Ministry well after DOA and this is recorded as the date of report (DOR).

Also, the critical question that needs to be asked is "why are there outstanding compensation cases. To respond to the question appropriately one would need to look at the system and processes involved in settling cases. Now, throughout the system the Ministry is basically in control of most of the processes in terms of resources allocation with the exception of medical assessments and court proceedings, both being important to the amicable settlement of cases. Medical assessments are done by medical practitioners and is the core services of the Ministry of Health while cases that are being referred to Court is the core services of the Justice Department. The Ministry, as mentioned above, is liaising with the Ministry of Health in this regard. A point to note also is that medical assessments for injuries are normally done when injures have healed and this may take months depending on the nature of injury.

The procedure is such that when Workmen's Compensations form (LD Form C/1) for notification of injury and diseases is completed and forwarded to the Ministry, employers are also legally required to simultaneously complete and forward the OHS notification form (OHSF1 to the Ministry). This gives the OHS service the opportunity to address the problems arising out of the workplace. On this note, the OHS Service has been targeting key areas using available statistics. One of the priorities is the public sector (as verified by the Workmen's Compensation statistics) where joint partnership projects have been ongoing to assist the Departments set up an OHS Management System. Towards mid 2007 and early 2008 the OHS Service has been working closely with the disciplined forces in establishing OHS Management Systems aimed at controlling injury/illness causing incidences.

The Auditor's to note please that if any further information or further breakdown of information is needed the Ministry requests more time for this.

7.6 Processing of workmen's compensation Claims

Where a workman has given notice of an accident, the employer shall as soon as reasonably possible *after the date on which the notice has been given* arrange to have him/her medically examined free of charge to the workman by a medical consultant named by the employer and any workman who is in receipt of periodical payment shall submit himself/herself for such medical examination from time to time as may be required by the employer.²

There were cases where medical assessments were made prior to accidents being reported. Although the cases were referred by the Ministry to the Colonial War Memorial Hospital for independent assessment, the payments were made before the assessments were finalised. Refer to Table 7.5 for examples:

Table 7.5: Payment prior to Independent Assessments

Name	Ministry/Dept.	Type of Injury	Date Reported	Date Assessed by Doctor	Amounts Paid on 23/03/08 (\$)
Usaia Matakinaselai	RFMF	Sports (rugby)	10/12/07	27/11/07	4,143.05
Ulaiasi Rabesa Sovu	RFMF	Sports (rugby)	10/12/07	27/11/07	2,439.71
Isimeli Cokanasiga	RFMF	Sports (rugby)	12/11/07	06/11/07	2,348.71
Napolioni Naulia	RFMF	Sports (rugby)	10/12/07	27/11/07	2,127.22
Jone Vodowaqavuka	RFMF	Sports (rugby)	02/10/07	21/09/07	1,232.14
Firipo Inia	RFMF	Self Negligence	24/09/07	27/09/07	1,953.95
Sitima Niumataivalu	RFMF	Sports (rugby)	10/12/07	29/11/07	2,101.01
Eparama Waqainoa	RFMF	Sports (rugby)	12/11/07	06/11/07	3,536.62
Netani Vora	RFMF	Sports (rugby)	12/11/07	30/10/07	2,124.30
Kitione Mocolutu	RFMF	Sports (rugby)	02/10/07	21/09/07	1,337.70

Injuries sustained from playing rugby which were also compensated appeared to be unrelated to work as it is not clearly specified in the Workmen's Compensation Act. The compensation claim by Mr Napolioni Naulia was from an injury sustained in 2002 and reported in 2007. The officer is still playing rugby for the RFMF and Suva Rugby Union Team.

Audit also questions the Ministry's decision in prioritising the cases reported by the RFMF, when it has substantial number of cases that have been pending for a number of years.

It appears that the Ministry did not adhere to stipulated requirements of the Workmen's Compensation Act.

Recommendation

The Ministry should strictly comply with the requirements of the Workmen's Compensation Act in processing reported cases of injury at the work place.

² Workmen's Compensation Act Cap 94, Section 15 (1)

Management Comments

In the cases where medical assessments were done prior to accidents being reported, the employer viewed this from a 'convenience' point of view and the ministry believes that there was no ulterior motive behind this. Discussion has taken place to correct this.

For the cases that were referred by the Ministry to the Colonial War Memorial Hospital for independent assessment and payments were made before the assessments were finalized, the Workmen already had medical assessments with the relevant degree of incapacity given by a medical practitioner. Due to the nature of some of the injuries the ministry referred relevant cases to CWM Hospital. Given the delays in obtaining medical assessments and taking into consideration factors such as the need to settle cases as soon as practicable, the Ministry decided to calculate compensation based on the given degree of incapacity sustained by the Workmen.

Although injuries sustained from playing rugby appears to be unrelated to work, it is classified as an organised sport that is legally interpreted under the Manual of Military Law as relating to work. Because of this, the Ministry has been processing compensation claims for sports injuries in the case of RFMF.

The Ministry accepts late reporting given justification as long as the incident occurred within the stipulated six years.

For the Akuila Vuladra case, the date of accident was on file (08/09/07). For injury cases, claims are made only after the injury has totally healed, as the medical practitioners will be able to know the degree of permanent incapacity.

7.7 Unclaimed Monies

The Workmen's Compensation Act makes provision for the payment of compensation to dependants of deceased workers, to be paid in Court. Upon application, the court directs at its discretion the sum so paid to be apportioned amongst the legal dependants and invested for their benefit, under a joint trust with the Permanent Secretary for Labour, Industrial Relations & Productivity.³

The Ministry acts as a Trustee and maintains the trust fund accounts of beneficiaries of deceased workmen until they attain the age of 21 years.

The verification procedures used by the Ministry to settle the compensation claims once beneficiaries attained 21 years of age were inadequate. The following anomalies were noted.

- The only documentary evidence available in the file of the beneficiaries was the request from the trustees to the bank to release the funds to the beneficiary who had attained the age of 21 years.
- The total sum paid to the beneficiary was unknown and there was no evidence of endorsement from the beneficiary stating the amount received by him/her.
- Copies of identification of the beneficiary were not maintained in the file to substantiate payment.
- Relevant documents for both the deceased workmen and the beneficiaries are maintained in one file, thus documents could not be easily verified.
- Some beneficiaries are 21 years of age or more have yet to be compensated. Refer to table 7.6 for examples:

³ Workmen Compensation Act s12

Table 7.6: Beneficiaries not yet compensated

File No.	Beneficiary	Amount (\$)	Action Taken
658/80	Muneshwaran	18,048.48	Was advertised in newspaper on 20/08/05. He has yet to respond to the advertisement.
1211/81	Etonia Roko	2,467.74	Letter was written to him on 14/10/05
1832/84	Sandika Devi	12,551.36	E-mail sent to her in NZ to complete prepayment form.

In the above instances, the Ministry could not locate the beneficiaries despite its various attempts.

Inadequate verification procedures increase the risk of fraud and misappropriation of funds.

Recommendations

- **The Workmen's Compensation Act should be amended to allow long outstanding unclaimed monies to be deposited to government consolidated fund to avoid any risks of misappropriation.**
- **The Ministry should ensure that Workmen Compensation files are properly maintained and updated with all relevant documents.**

Management Comments

The Ministry is scheduled to review the current Workmen's Compensation Act this year (2008) and the above recommendation is certainly one of the issues that will be part of discussions and consultations.

On the issues highlighted above (before the table), the following is our comments:

Firstly there is no file for beneficiaries except for the deceased workman and this is where all relevant details are kept. For verification purposes the Birth Certificate of the beneficiary is sighted first before the total withdrawal is approved. A copy of this document is always on file as this is a requisite in the initial investigation.

The current situation is such that we are not in a position to know the exact amount in the beneficiaries account due to interests etc. This is the reason the exact amount is not specified in the letter to the Bank. As an improvement to our systems and processes we will be looking into considering an addition to the process by way of calling the Bank first and establishing the exact amount in the account before noting it down in the letter of withdrawal.

The procedure before was that only statements were taken from the beneficiary before withdrawal is approved and from 2008 we have adopted the sighting of identification before final withdrawal is approved. From an audit point of view "the documents were clustered and difficult to verify" as they were all kept in one file. From our perspective this is convenient as they are beneficiaries of the one Workman. For the cases in question details are as follows:

Muneshwaran case we had again used the media to announce through the Hindi station for the trustee to make contact on 21 July 2006. There is still no response to date.

The beneficiary Etonia Roko passed away on 13 March 1985. The mother produced the death certificate on 06/06/08. We are therefore making arrangements for the transfer of balance to the trustee (Etonia Roko's mother).

For Sandika Devi, the trust fund money has been transferred to her account in NZ on 23 Jan '07

The ministry is consistently working on improving its systems and processes and this includes the proper administration of files and their safekeeping.

DEPARTMENT OF TOURISM

7.8 Eco-tourism Grant

For multi-year projects, the manager eco-tourism shall inspect the projects at least once a year.⁴ The manager eco-tourism shall prepare an inspection report on each project inspected and submit it to the Director.⁵

For grants approved over \$5,000, a grant agreement must be prepared in accordance with Finance Instructions 25(1) and signed by the CEO or Director and an authorised representative of the recipient before payment is made.⁶ Administering agencies must review each grant scheme each year to determine whether it is achieving its specified outcomes as efficiently and effectively as possible and, where it is not, must take action necessary to improve its efficiency and effectiveness.⁷

There were no inspection reports and approvals from the eco-tourism grant projects committee for five eco-tourism projects funded in 2007. Refer to Table 7.7 for details.

Table 7.7: Details of Eco-Tourism Funded Project

Projects	Item	Company	Amount(\$)	Eco-tourism Grants Committee Approval	Inspection Reports
Nakesa	Dive Equipment	Scubahire Ltd	11,661.00	06/11/2007 minutes	None
Raiyawa	Outboard Engine	Asco	8,950.00	Approval amount \$13,600 (06/11/07 minutes) for both. Amounts disburse \$15,300	None
Raiyawa	Fibre Glass	Ocean Bilibili	6,350.00		None
Naqalia	Building Materials	Bomco Hardware	9,500.00	None	None
Tiliva	Outboard Engine	Asco	9,879.00	9/11/2006	None
Vuda Cultural Heritage	Materials	Western General Hardware	5,714.50	None	Done

The Raiyawa project received \$15,300 or \$1,700 more than the approved amount of \$13,600.

The above reflects the laxity by the Eco Tourism grant committee for not monitoring the projects to ensure that there is value for money for the various projects assisted.

Recommendations

- **The Department should ensure that inspections are made before the disbursements of funds so that funds disbursed are effectively and efficiently used for the purposes they were requested.**
- **The Ministry of Finance should conduct site inspections of these projects.**

⁴ Finance Manual 3.3.3

⁵ Finance Manual 3.4.5

⁶ Finance Manual 3.1.5

⁷ Finance Instruction 25 – (6)

- **The Department should investigate on how the Raiyawa project was awarded \$1,700 more than the approval amount of \$13,600.**

Managements Comments

Nakesa

There has been no inspection report done by the Ministry of Tourism but there was some level of liaison from the Ministry and the field officers from Kadavu, i.e the Provincial Administrator Kadavu and the Health Inspector, Kadavu, the inspection report is to be done.

Raiyawa & O'Connor's Investment

The initial paper prepared for the eco grants committee approval registers the sum of \$15,300.00, the amount of \$13,600.00 is a typing error. Attached please find the initial project paper that was prepared.

Tiliva Resort

This project was approved in 2006. It should be noted that inspections were done by the then Special Project Manager Eco tourism, the officials of the Ministry of Tourism under the Hotel Licensing Board in 2006. They have substantiated the need for the engine as the boat is located away from the main port of entry, Vunisea. Reports are attached for reference.

Vuda Cultural Heritage and Naqalia

These projects have been approved by the Eco tourism Committee of 2006 and further approved by Permanent Secretary Tourism in 2007 for continued funding. Inspection has been conducted at Vuda Heritage Centre and report is attached. However and inspection at Naqalia is yet to be done.

DEPARTMENT OF ENVIRONMENT

7.9 Naboro Landfill Gate Takings

On 22nd July 2005, the Ministry of Local Government, Housing, Squatter Settlement and Environment entered into a five year contract agreement with H.G. Leache & Company Limited of New Zealand for the operation of Naboro Landfill for \$10,375,999 (VEP).

Cabinet approved an allocation of \$960,000 in 2005⁸ and \$1.58 million in 2006⁹ and 2007¹⁰ respectively to cover initial operational costs (management contract with H.G. Leach) and outstanding capital costs of the Leachate Treatment System.

The Cabinet approval stipulates that H.G. Leach contractor has the responsibility to manage all receipt, account for debts and then deposit all receipts into the Government nominated accounts.

Additionally the Ministry of Finance approved that the nominated accounts should be named Naboro Landfill Trust Account and Naboro Administration Trust Fund and managed by the Ministry and the Ministry of Fijian Affairs respectively.

The approved gate fees at the Naboro Landfill are as follows:

⁸ Part VI of the Cabinet Decision CP (05) 356 of 27/9/05 – Naboro: Landfill Project.

⁹ 2006 Budget Estimate – Head 23, SEG 6 – Subsidy for Naboro Landfill.

¹⁰ 2007 Revised Budget Estimate – Head 7, Program 3, SEG 6 – Subsidy for Naboro Landfill.

Table 7.8: Details of Approved Gate Fees

Waste Description	VAT Exclusive Price	VAT Inclusive
General Waste	21.86/tonne	24.59/tonne
Special Waste	40.00/tonne	45.00/tonne
Car Minimum Price	2.67/car	3.00/car

Currently the gate fee is received by the Contractor as there is no account opened by the Department for gate fees collected.¹¹

The Contractor collects the gate fees, issues its own receipts, carries out the daily banking and the monthly bank reconciliation of the fees collected. Payment to the Contractor is made from the gate fees collected and is only subsidised by government if there is a shortfall in the monthly gate fees. Refer to Table 7.9 below for the summary of gate fees collection from 2005 – 2007 and *Appendix 7.3* for details.

Table 7.9: Gate Takings Summary from 2005 – 2007

Years	Total Gate Fees Received (\$)	Total Cubic Meter of Waste (Tonnage)
2005	330,870	13,093
2006	1,533,514	60,199
2007	1,515,592	59,194
TOTAL	3,379,976	132,486

The following anomalies were noted from the audit of the Naboro Landfill:

- the Department has yet to open the nominated bank account for the Naboro Landfill gate fees despite the approval from the Ministry of Finance;
- there were no monthly or yearly revenue forecasts set by the Department for the gate fees collected by the contractor;
- Part (h) 1.1 of the agreement specifies that over the contract period, it is envisaged that the average annual waste stream will be in the order of 100,000 tonnes but if the collection over the last 3 years is any indication, it looks likely that the Government will continue to subsidise gate fees ,for sometime in the future; and
- In the absence of properly ministry-verified detailed report of the tonnage of wastes and monthly gate fees collected, it could not be confirmed that the data provided is accurate and reliable

This issue was also raised in our report to Parliament in September 2007.¹²

Recommendations

- **The Department should ensure that nominated banks account is opened as approved by Ministry of Finance.**
- **The tonnage of wastes collected by the contractor should verified by the Ministry and fees banked in the nominated accounts.**

¹¹ Cabinet Memorandum dated 9th February 2007 Naboro Landfill Clause 3.2

¹² 2007 General Report Section 31.

Management Comments

No Comments were provided as the Department only provided HG Leach Comments.

Leach Waste Managers and Contractors Response

1. *Table 1 – Naboro Landfill Gate Takings for 2007 – the title of the right hand column should read “tonnage” as all waste delivered to site is weighed and recorded on a per tonne basis.*
2. *We do not accept waste on a volume or cubic meter basis as the price is set per tonne. The title “Total Cubic Meter of Waste (Tonnage)” is incorrect.*
3. *The first bullet point at the bottom of page 3 “there is no clause or condition in the contract allowing the contractor to collect the gate fees on behalf of Government” is incorrect.*
 - *Section (H) of the Contract Documents, namely “The Specification” at Section 1 – Extent of Contract and General Clauses, Sub Section 1.3 Scope of the Contract – sets out the work included in the Contract to be undertaken by the Contractor and bullet point number 3 specifically states “Collection of fees and management of customer accounts” (Copies attached as Appendix)*
 - *Further at Section 1.5 Methodology – in the section relating to means by which the objectives of the Contract are achieved the Contractor in providing the services required to operate the landfill include the following: “Gate office operation and fee collection”.*
 - *Further Section 1.5.2 Operational Management Plan at bullet point 3 sets out “Fee collection and banking procedures”.*
 - *Section 2 – Gate Office Operation – Item 2.1 Function – last bullet point states that the function is to collect fees.*
 - *Section 2.5 – Fee Collection on page 21 states that “the Contractor” shall be entirely responsible for ensuring all landfill charged and the appropriate fee and that all fees charged are passed onto the Principal”.*

The contract is quite specific and clear in requiring the Contractor to collect gate fees on behalf of Government.

4. *The second bullet point at the footnote “the Cabinet Decision ...for the contractor to collect the gate fees” is not relevant as the contract between the Government and HG Leach sets out the condition to collect gate for and behalf of Government.*
5. *The third bullet point on page 4 is incorrect. The contractor provides a detailed list of each and every transaction over the weighbridge to the Department as part of the month report. We will however submit a report on outstanding gate fees with this report on a monthly basis in future.*
6. *HG Leach has previously provided copies of bank statements to the Department on request. We shall however provide monthly copies of the statement in future along with the gate fee reconciliation report.*
7. *The Company provides a detailed report monthly on gate fees collected and this is included in the monthly report and supported by weighbridge transaction reports.*

Appendix 7.1: Statement of Output Costs

General Administration

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	790,245	790,937
Government Wage Earners	29,867	41,684
Travel & Communication	34,916	43,657
Maintenance & Operations	44,269	53,815
Purchase of Goods & Services	34,738	36,192
Operating Grants & Transfers	0	0
Special Expenditure	0	892,563
Total Operating Costs	934,035	1,858,848
Value Added Tax	113,888	224,128
TOTAL COST	1,047,923	2,082,976

Labour Services

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	984,549	1,076,694
Government Wage Earners	144,863	143,811
Travel & Communication	66,758	70,543
Maintenance & Operations	61,143	60,436
Purchase of Goods & Services	23,224	77,775
Operating Grants & Transfers	34,947	104,590
Special Expenditure	28,205	129,918
Total Operating Costs	1,343,689	1,663,767
Value Added Tax	186,536	223,812
TOTAL COST	1,530,225	1,887,579

OHS Services

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	903,007	1,165,742
Government Wage Earners	0	0
Travel & Communication	55,279	58,353
Maintenance & Operations	67,631	72,586
Purchase of Goods & Services	80,508	84,640
Operating Grants & Transfers	0	0
Special Expenditure	985,592	1,016,668
Total Operating Costs	2,092,017	2,397,989
Capital Expenditure		
Construction	99,958	100,304
Purchases	0	0
Grants & Transfers	0	0
Total Capital Expenditure	99,958	100,304
Value Added Tax	261,871	308,201
TOTA COST	2,453,846	2,806,494

Tourism

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	539,982	852,236
Government Wage Earners	42,970	49,538
Travel & Communication	31,534	31,982
Maintenance & Operations	45,940	52,041
Purchase of Goods & Services	23,251	35,964
Operating Grants & Transfers	1,886,014	1,723,137
Special Expenditure	514,002	698,142
Total Operating Costs	3,083,693	3,443,040
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants & Transfers	10,173,394	13,318,176
Total Capital Expenditure	10,173,394	13,318,176
Value Added Tax	136,988	177,076
TOTAL COST	13,394,075	16,938,292

Environment

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	383,308	302,290
Government Wage Earners	32,933	43,235
Travel & Communication	28,951	30,101
Maintenance & Operations	44,443	78,270
Purchase of Goods & Services	68,650	69,294
Operating Grants & Transfers	212,119	1,483,594
Special Expenditure	176,035	375,442
Total Operating Costs	946,439	2,382,226
Capital Expenditure		
Construction	284,058	0
Purchases	41,867	0
Grants & Transfers	0	0
Total Capital Expenditure	325,925	0
Value Added Tax	122,758	108,536
TOTAL EXPENDITURE	1,395,122	2,490,762

Appendix 7.2: Compensation Paid To Civil Servants In 2007

Asn	Workman	Employer	Amount	Total
1107/05	Filimaina Waqa	Police	\$24,000.00	
1160/05	Salusalu Savu	Police	\$1,986.97	
1110/00	Eroni Bainivalu	Police	\$8,558.16	
1234/06	Varinava Bari	Police	\$6,408.48	
311/05	Semisi Seru (D)	Police	\$24,000.00	
650/07	Raijeli Masirewa (D)	Police	\$24,045.00	
967/04	Iowane Keli	Police	\$1,578.33	
2349/05	Maika Lagi	Police	\$24,045.00	
75/05	Silio Lilicama	Police	\$493.82	
708/03	Iliesa Bolabiu	Police	\$5,999.14	
289/07	Susana Tuwai	Police	\$3,984.24	
368/06	Josateki Labalaba	Police	\$5,283.98	
1534/05	Anare Masitabua	Police	\$3,023.05	
255/07	Eneriko Navuiivi	Police	\$2,810.18	
393/06	Bimal Deo	Police	\$2,241.20	
2133/05	Vikatoria Kamarusi	Police	\$6,752.90	
1856/06	Isikeli Waqa	Police	\$3,224.00	
1608/01	Noa Toranamata	Police	\$13,617.76	
2118/05	Kaipati Bakoa	Police	\$2,086.24	
1652/07	Suliano Pauliasi	Police	\$755.20	
1653/07	Penaia Rokoleba	Police	\$1,169.70	
1654/07	Josefa Lovolovo	Police	\$971.57	
1651/07	Tautu M	Police	\$1,261.00	
1821/06	Vularua Colati	Police	\$2,120.69	\$167,606.43
1181/04	Vilimoni Tiko	PWD	\$607.20	
2176/03	Jovesi Bau (D)	PWD	\$24,045.00	
241/05	Inoke Tavaga (D)	PWD	\$24,045.00	
2370/05	Peni Gonemaituba	SWS	\$6,460.17	
741/05	Rakiraki Court	PWD	\$24,045.00	
2357/04	Edward Rajendra	PWD	\$13,333.32	
175/06	Insan Ali	PWD	\$830.54	
2376/05	Nacanieli Nalima	PWD	\$3,683.68	
1189/04	Ilaitia Vaka	PWD	\$317.07	
2176/03	Joveci Bau	PWD	\$24,045.00	
1163/05	Ramend Chand	PWD	\$2,946.94	
1586/03	Solomoni Ciri	PWD	\$4,434.14	
787/06	Penesio Solomoni	PWD	\$6,408.01	
1755/03	Vilikesa Tubitamana	PWD	\$3,905.20	
973/06	Orisi Lutunaivalu	PWD	\$4,785.04	
514/05	Roemoni Tuivuna	PWD	\$368.37	
2174/03	Niranjan Singh	PWD	\$5,396.66	
2055/04	Bas Deo	PWD	\$15,008.50	
735/01	Anare Mokani	PWD	\$2,024.88	
1251/06	Semisi Tawake	PWD	\$627.38	
2303/99	Aporosa Ratuvi	PWD	\$13,224.64	
2260/01	Setareki Ratatagia	PWD	\$12,873.43	\$193,415.17
1342/05	Rajendra Prasad	Agriculture	\$618.80	

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Asn	Workman	Employer	Amount	Total
1303/05	Sikeli Raisuge	Agriculture	\$18,714.20	
176/06	Joseva Tataa	Agriculture	\$888.19	
1095/05	Kinijoji Welo	Agriculture	\$2,019.16	
122/06	Maleli Dawaii	MAFF	\$2,491.27	
1309/04	Semi Moceciri (D)	Agriculture	\$24,045.00	
482/03	Taniela Neitoga	Koronivia Research	\$3,581.76	\$52,358.38
1038/06	Kameli Naituba	Naval	\$6,329.70	
678/03	Vakarau Mateiwai	Naval	\$1,473.03	
485/05	Semiti Digtaki	Naval	\$1,928.89	
406/06	Semisi Naidroka	Naval	\$6,235.45	
920/02	Semi Tuni	Naval	\$3,960.68	
1158/01	Avenai Veikoso	Naval	\$3,002.27	
80/04	Jovesa Korovulavula	RFMF	\$19,279.99	
1910/00	Viliame Cabetinalaga	RFMF	\$24,000.00	
1784/03	Paula Vakanabu	RFMF	\$7,603.44	
1069/02	Tipai Vunibaka	RFMF	\$20,184.84	
1045/06	Lepani Raibiriki	RFMF	\$4,292.50	
551/05	Manasa Vuravura	RFMF	\$4,259.71	
1667/02	Jovili Rokoiri	RFMF	\$2,740.37	
90/02	Manasa Vuravura	RFMF	\$3,385.62	
542/01	Watekini Naborisi	RFMF	\$6,838.78	
813/06	Solomoni Matau	RFMF	\$3,164.07	
845/07	Jone Vodowagavuka	RFMF	\$1,232.14	
1789/01	Wame Tuivuya	RFMF	\$657.75	
428/07	Ofa Beitaki	RFMF	\$1,172.81	
1397/04	Olipani Baba	RFMF	\$5,612.88	
30/05	Kesoni Rabo	RFMF	\$524.16	
1272/07	Melikiseteki Wara	RFMF	\$1,389.03	
1793/01	Isoa Toka	RFMF	\$2,251.70	
2174/04	Jovili Vuniwaga	RFMF	\$2,030.08	
618/06	Salawai Vulawalu	RFMF	\$2,211.30	
1859/02	Kitione Qima	RFMF	\$1,344.25	
2148/04	Viliame Batiratu	RFMF	\$2,663.39	
292/07	Esala Tawake	RFMF	\$2,381.11	
1672/02	Walanitoni Rayawa	RFMF	\$2,956.41	
66/05	Waisea Makulau	RFMF	\$549.82	
1254/06	Viggo Clarence Wesele	RFMF	\$4,419.87	
1772/04	Kaiava Vonokula	RFMF	\$1,599.23	
974/04	Sepeti Nadavo	RFMF	\$1,403.22	
481/07	Firipo Inia	RFMF	\$1,953.95	
1772/05	Ashok Kumar	RFMF	\$7,711.70	
1582/02	Druma Sevanaia (D)	RFMF	\$24,045.00	
1444/02	Uraia Vakaturanga	RFMF	\$3,247.61	
1413/02	Josefa Adrole	RFMF	\$1,199.02	
740/99	Josefa Adrole	RFMF	\$1,139.50	
2201/03	Warren Thomas	RFMF	\$4,979.52	
1214/06	Jiuta Baleisolomone	RFMF	\$7,534.80	
1574/03	Rupeni Kamikamica	RFMF	\$940.94	
1399/04	Rupeni Kamikamica	RFMF	\$940.94	

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF THE FIJI ISLANDS – OCTOBER 2008

Asn	Workman	Employer	Amount	Total
1773/05	Ifereimi Sukumeni	RFMF	\$5,923.01	-
1256/06	Lavenia Volaukitoga	RFMF	\$1,113.84	
1464/07	Savenaca Tukitoga	RFMF	\$2,124.30	
1419/06	Alipate Kotoisuva	RFMF	\$2,924.74	
1575/03	Sotia Vuetaki	RFMF	\$1,146.24	
1069/07	Netani Vora	RFMF	\$2,124.30	
1576/03	Sikeli Naqoli	RFMF	\$6,433.70	
620/06	Semesa Ketenuku	RFMF	\$3,421.78	
1373/03	Mataika Sokovagone	RFMF	\$4,245.70	
1804/04	Chandar Raju (D)	RFMF	\$24,045.00	
1125/05	Michael Chambers (D)	RFMF	\$24,045.00	
1364/05	Meli Rabukawaga	RFMF	\$3,304.21	
1414/02	Jone Vodowagavuka	RFMF	\$1,440.71	\$289,064.00
Temp	Apaitia Tuivunilagi	Rewa Depo	\$1,550.59	
Temp	Nete Bakani	Rewa Depo	\$8,970.08	
Temp	Waisea Cakau	Rewa Depo	\$15,853.03	
Temp	Sitiveni Kedrakai	Rewa Depo	\$6,086.64	
Temp	Iliesa Tui	Rewa Depo	\$5,970.92	
Temp	Alifereti Cakacaka	Rewa Depo	\$12,234.22	\$50,665.48
945/03	Etonia Sakuru (D)	Education	\$24,045.00	\$24,045.00
856/07	Sikeli Ratubuli	Prisons	\$2,977.73	\$2,977.73
2003/03	Vilimaina Bulivou	Home Affairs	\$24,000	\$24,000.00
69/00	Timoci Rabuli	Fisheries	\$24,045.00	\$24,045.00
1204/04	Asenaca Digitakimata	Govt Supplies	\$40,000.00	\$40,000.00
67/05	Luke Kulanikoro	Govt Shipping	\$1,470.77	\$1,470.77
591/06	Dhirendra Prasad	Health	\$2,844.48	
814/06	Rup Narayan	Health	\$3,889.60	
907/03	Sowani Vunisa	Health	\$917.85	
1600/06	Isoa Kamaveilomoni	Health	\$828.26	
1536/05	Kinisimere Vakaloloma (D)	Health	\$24,045.00	
814/06	Rup Narayan	Health	\$3,389.60	\$35,914.79
1316/96	Rupesh Prasad	Customs Craft	\$3,690.82	\$3,690.82
1197/06	Marika Niumata	Youth & Sports	\$1,233.18	\$1,233.18
Total				\$886,441.75

Appendix 7.3: Details for Landfill Gate Takings 2005 - 2007

Months	Years	Total Gate Fees Received (\$)	Total Cubic Meter of Waste (Tonnage)
October	2005	88,014	3,530
November		119,715	4,771
December		123,14	4,792
January	2006	124,612	4,824
February		111,264	4,392
March		127,676	4,992
April		113,778	4,522
May		133,455	5,734
June		126,812	5,259
July		126,496	4,909
August		128,496	4,981
September		122,712	4,778
October		138,444	5,356
November		148,783	5,464
December		130,663	4,988
January	2007	130,555	5,007
February		122,540	4,826
March		137,675	5,452
April		121,045	4,741
May		130,440	5,036
June		116,645	4,507
July		120,917	4,654
August		130,017	5,042
September		117,300	4,607
October		135,448	5,326
November		131,218	5,180
December		121,792	4,816
TOTAL		3,379,976	132,486

Section 8**Ministry of Foreign Affairs and External Trade****Programme Statement**

The role of the Ministry of Foreign Affairs and External Trade is to lead the formulation and conduct of Fiji's Foreign Policy, in general, and external trade relations, in particular. Major outputs are still being delivered in the conventional foreign relations activities of global intelligence gathering, especially through Fiji Missions abroad and the conduct of attendant analysis and guidance in such policy options that would maximize Fiji's national gains from strategic future directions.

Emerging dimensions in international relations have resulted in newer outputs through Summit Diplomacy, Group Diplomacy and the Information Technology media. In recent years, there has been an increasing range of outputs, including the communication of government policy choice and rationale to the international and domestic stakeholders for a stronger partnership in policy implementation. These stakeholders include other government departments, international agencies, the business sector, the media, and the academic and civil societies. This output class is expected to increase as greater civic responsibility generates interest and awareness in government's policy processes and implementation.

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FINANCIAL STATEMENT

8.1 Audit Opinion

The audit of the 2007 accounts of the Ministry of Foreign Affairs resulted in the issue of a qualified audit report.

The qualifications are as follows.

- (a) The Ministry has consolidated its expenditures into three Statements of Output Costs, whereas the Budget Estimates 2007 prescribes five outputs. In addition, the amounts reflected in the Statements of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Ministry under each output.
- (b) The financial statements were incomplete as a Statement of Losses and a Trust Account Statement of Receipts and Payments were not submitted for audit, contrary to Finance Instructions 82. The Financial Management Information System shows that the Ministry as at 31/12/07 has trust funds totalling \$2,587,603.

8.2 Statement of Receipts and Expenditures

The Ministry incurred total expenditures of \$15,322,446 in 2007 compared to \$18,771,869 in 2006. Details are shown in Table 8.1.

Table 8.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue		
Operating Revenue	690,246	1,232,494
Total State Revenue	690,246	1,232,494
Agency Revenue		
Miscellaneous Revenue	4,879	101,067
Total Agency Revenue	4,879	101,067
TOTAL REVENUE	695,125	1,333,561
EXPENDITURE		
Operating Costs		
Established Staff	4,382,411	5,598,826
Unestablished Staff	1,654,256	1,866,267
Travel & Communication	1,268,816	1,402,398
Maintenance & Operations	3,262,092	4,195,145
Purchase of Goods & Services	221,467	108,137
Operating Grants & Transfers	981,214	1,203,901
Special Expenditure	1,910,021	2,933,521
Total Operating Costs	13,680,277	17,308,195
Capital Expenditure		
Capital Construction	131,791	15,590
Total Capital Expenditure	131,791	15,590
Value Added Tax	1,510,378	1,448,084
TOTAL EXPENDITURE	15,322,446	18,771,869

8.3 STATEMENT OF OUTPUT COSTS

The Statement of Output Costs consolidates expenditures into 3 outputs. These are detailed in Appendix 8.1.

8.4 APPROPRIATION STATEMENT

The Ministry incurred expenditures totalling \$15,322,446 in 2007 against the budget of \$16,947,213 resulting in a savings of \$1,624,767 or 9.6%.

Details of expenditures against the budget estimates are provided in Table 8.2.

Table 8.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	4,877,726		4,877,726	4,382,411	0	495,315
2	Unestablished Staff	1,298,971		1,298,971	1,654,256	0	(355,285)
3	Travel & Communication	1,251,100	20,000	1,271,100	1,268,816	0	2,284
4	Maintenance & Operations	3,772,300	(6,000)	3,766,300	3,262,092	0	504,208
5	Purchase of Goods & Services	216,606	(14,000)	202,606	221,467	0	(18,861)
6	Operating Grants & Transfers	1,240,310		1,240,310	981,214	0	259,096
7	Special Expenditure	2,295,000		2,295,000	1,910,021	0	384,979
	Total Operating Costs	14,952,013	0	14,952,013	13,680,277	0	1,271,736
	Capital Expenditure						
9	Capital Construction	250,000		250,000	131,791	0	118,209
	Total Capital Expenditure	250,000	0	250,000	131,791	0	118,209
13	Value Added Tax	1,745,200	0	1,745,200	1,510,378	0	234,822
	TOTAL EXPENDITURE	16,947,213	0	16,947,213	15,322,446	0	1,624,767

The Ministry of Finance approved the transfer of \$20,000 within the Ministry's appropriation head during the year.

8.5 STATEMENT OF LOSSES

The Ministry did not provide a Statement of Losses for audit.

AUDIT FINDINGS

8.6 REVOLVING FUND ACCOUNT -MISCELLANEOUS

A ledger shall be maintained for advances and revolving fund accounts¹. Within 3 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.²

The Ministry maintains the following Revolving Fund Accounts and the balances as at 31/12/07 are detailed in Table 8.3.

¹ Finance Manual 2005 16.3.1

² Finance Manual 2005 16.3.3

Table 8.3: Details of the Revolving Fund Account

Accounts No.	Accounts Description	Departments Record 31/12/07 (\$)	FMIS 2007 (\$)	Variance (\$)
1081000000560000	Accounts Receivable	117,714.19	117,714.19	-
1081000000570000	Prepayments	516,082.26	516,082.26	-
Total		633,796.45	633,796.45	-

A sum of \$623,606.86 or 98% of the closing balances have been carried forward from 2006. Refer to Table 8.4 for details:

Table 8.4: Details of the Accounts Carried Forward

Accounts No.	Dates	Particulars	Balance \$
10810108101560203	-	Headquarters	2,000.00
10810108101560203	-	Headquarters Staff	36,646.54
10810108101560203	-	New York	108.51
10810108101560203	-	Rt Epeli Nailatikau	27,072.39
10810108101560203	-	Paula Kunabuli	2,086.91
10810108101560203	-	J.Maivusaroko	1,800.31
10810108101560203	-	Ross Ligairi	10,807.12
10810108101560203	-		(9,632.01)
10810108101560203	-	Taina Tunidau	6,159.69
10810108101560203	-		2,407.78
10810108101570301	-	Miscellaneous	(3,517.86)
10810108101570301	07/04/06	Chief of Protocol	16,425.00
	06/07/06		(3,552.85)
	-/08/06		500.00
	-/09/06		364.42
	-/10/06		34,385.36
10810108101570301	-/12/06	Merewai Bole	74,660.00
10810108101570301		Un-cleared Drawings Account balance carried forward from December 2005	425,243.68
10810108101560203			(358.13)
Total			623,606.86

The Ministry posted an unidentified amount of \$425,244 to the Revolving Fund Account in order to reconcile its Drawing Account in 2006. This is yet to be cleared as at 31/12/07. Some accountable advances issued in 2007 have also yet to be cleared. Refer to Table 8.5 for details:

Table 8.5: Details of the Uncleared Accountable Advance

Accounts Number	Dates	Particulars	Balance (\$)
10810108101560203	22/06/07	Ray Baleikasavu	99.00
10810108101560203	24/08/07	Ray Baleikasavu	1,500.00
10810108101560203	13/09/07	Solo Mara	1,500.00
10810108101560203	24/09/07	Sila Balawa	80.00
10810108101560203	27/12/07	Sila Balawa	918.00
Total			4,097.00

Public funds are unnecessarily held up when accountable advances are not cleared within the specified time. It also indicates the laxity in complying with rules and regulations pertaining to accountable advances.

Recommendations

- The Ministry should thoroughly review the balances that have been carried forward from the previous years and take necessary actions to clear them.
- The Ministry should liaise with the Ministry of Finance to rectify the unidentified amount of \$425,244 posted to the Revolving Fund Accounts and ensure that adjustments are made to the correct the accounts.
- The Ministry should recover the accountable advances through direct salary deductions.
- All accountable advances should be cleared within 7 days on returning to the station and interest should be charged to those that failed to retire the advances within 7 days.

Management Comment

8.7 DRAWINGS ACCOUNT

The “Drawings Account” will be operated for all payments except for those payable from petty cash bank accounts, TMA bank account and Trust Bank account.³

The following anomalies were noted:

- According to the Annual Board of Survey carried out by the Ministry on 14/05/08, the balance of unpresented cheques as at 31/12/07 amounted to \$938,205. However, audit noted that the amount stated in the Annual Board of Survey did not reconcile with the balance reflected in the General Ledger (FMIS). Refer to Table 8.6 for details:

Table 8.6: Details of variance as per FMIS and Ministry’s Record

Details	Balances (\$)
General Ledger (FMIS)	925,493
Annual Board of Survey	938,205
Variance	12,712

- The balances of the monthly cheques issued as stated in the Drawings Account reconciliations did not correspond to the monthly cheques issued as per the Cash Book. Refer to Table 8.7 for details.

Table 8.7: Details of variances in Drawings Account Reconciliations

Months	Cheques Issued As Per Cash Book \$	Cheques Issued As Per Reconciliations \$	Variance \$
January	1,197,879.49	1,191,513.86	6,365.63
February	941,178.55	930,917.39	10,261.16
March	1,061,258.19	1,984,004.50	(922,746.31)

³ Finance Manual 2005 Section 7.4.3

Months	Cheques Issued As Per Cash Book \$	Cheques Issued As Per Reconciliations \$	Variance \$
April	1,826,204.18	1,817,762.63	8,441.55
May	522,844.05	516,519.51	6,324.54
June	1,001,813.31	984,146.38	17,666.93
July	1,125,558.92	1,117,380.60	8,178.32
August	1,033,945.91	1,017,022.96	16,922.95
September	806,170.96	798,544.39	7,626.57
October	1,109,991.53	1,088,621.34	21,370.19
November	1,289,169.13	1,285,988.45	3,180.68
December	1,682,457.15	1,663,761.18	18,695.97
Total	13,598,471.37	14,396,183.19	(797,711.82)

- The closing and the opening balances for the months of February and March did not reconcile. Refer below for details:

Table 8.8: Details of the Variances

Description	Amount \$
February- 31/02/07	509,745.47
March – 01/03/07	421,607.32
Variance	88,138.15

- The monthly presented cheques as per the Ministry's Drawings Account reconciliations did not reconcile with the presented cheques as per the bank statements. Refer to Table 8.9 for details:

Table 8.9: Details of the Variances

Months	Cheques Issued As Per Cash Book \$	Cheques Issued As Per Reconciliations \$	Variance \$
January	1,277,976.22	1,278,103.12	(126.90)
March	1,077,080.00	1,073,610.30	3,469.70
April	1,804,977.40	1,803,968.91	1,008.49
June	1,036,236.20	1,036,121.78	114.42
September	928,995.32	1,148,256.21	(219,260.89)
October	1,050,506.34	1,015,222.46	35,283.88
November	1,395,643.30	1,341,026.45	54,616.85
December	962,131.10	965,605.28	(3,474.18)
Total	9,533,545.88	9,661,914.51	(128,368.63)

The above issues clearly indicate the laxity in supervisory checks to ensure that reconciliations are carried out correctly. The monthly Drawings Account reconciliations prepared by the Ministry may be incorrect.

Recommendations

- **The Ministry should review its monthly Drawings Account reconciliations for 2007 to take into account the issues raised above.**
- **Supervisory checks should be improved.**

Management Comments

8.8 VAT RECONCILIATIONS

Subject to the provision of the Vat Decree 1991, the tax shall be charged in accordance with the provisions of this Decree at the rate of twelve and a half percent 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.⁴

Output VAT is payable to the Commissioner of Inland Revenue for the supply of all goods and services with the exception of zero rated and exempted supplies. Payments effected by government departments for goods and services are thus subjected to VAT.⁵

A review of the VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$194,000 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Appendix 8.2(a) for details:

There were also variances between the actual VAT payments for 2007 and the balances disclosed in the general ledger (FMIS). Refer to Appendix 8.2(b)

Recommendations

- **The Ministry should review its VAT records and reconciliations and provide explanations for the variances.**
- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the General Ledger.**

Management Comments

8.9 FNPF Reconciliations

The current rate of contribution (effective 1st July, 1999) is 16 cents on each dollar earned, with the employer and employee each contributing 8 cents each. Contributions that are paid after the due date carry a surcharge at a rate of 2%. Failure to pay contributions on the due date is a serious breach of the FNPF Act and is a punishable offence.⁶

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variances as detailed in Appendix 8.3:

The Ministry could not provide explanations to the \$1,184,710 which were not paid FNPF.

A variance of \$23,803.33 was also noted when reconciling the amounts posted to the general ledger (FMIS) and the amounts actually paid as per the payment vouchers. Refer to Table 8.9 for details:

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

⁵ Finance Circular No 9/95

⁶ www.fnpf.com.fj –official web site address Fiji National Provident Fund

Table 8.9: Details of Variances

Details	Balances (\$)
Payment Vouchers	218,216.11
FMIS	242,019.44
Variance	23,803.33

The information about overseas wage earners not subject to FNPF, which may have contributed to the substantial variance noted in the above reconciliation was not provided for audit.

Recommendation

The Ministry should review its FNPF records and reconciliations and provide explanations for the variances.

Management's Comments

8.10 Fiji High Commission – Wellington

8.10.1 Reimbursement of Dental Expenses

Subject to sub-regulations (2) and (3), out of pocket expenses for dental treatment (other than orthodontic treatment) may be reimbursed to officers upon presentation of a receipted account. The following expenses will not be reimbursed or paid by the Government:

- any treatment the cost of which would be recovered from any insurance scheme which may be in operation at the post;
- orthodontic treatment;
- cost of dentures or dental appliances.⁷

Cost arising from medical or surgical treatment which could without detriment be left until return to Fiji is not payable or reimbursable from public funds.⁸

If there is any doubt whether or not any particular medical or dental treatment should be payable or reimbursed, the approval of the Chief Executive Officer must first be sought before the treatment is undergone.⁹

Officers serving in overseas missions are responsible for the payment of all charges for private telephone, cleaning and domestic services and related charges in respect of their accommodation.¹⁰

The dental expenses incurred by the former Ambassador's spouse amounting to NZ \$2,000 (FJ\$2,350) was reimbursed from public funds on the approval of the Ambassador. These expenses were in relation to the fitting of four crown teeth. Refer to Table 8.10 for details:

Table 8.10: Details of the Payment

⁷ Section 77 (2) Public Service (Diplomatic and Consular Services) Regulations 2005

⁸ Section 76 (4) (d) Public Service (Diplomatic and Consular Services) Regulations 2005

⁹ Section 78 (2) Public Service (Diplomatic and Consular Services) Regulations 2005

¹⁰ Section 63 (3) Public Service (Diplomatic and Consular Services) Regulations 2005

Date	PV	Chq No	Particulars	Amount NZ (\$)	Amount FJ (\$)	Approved By
18/04/07	13/04	502746	Being refund of medical Expense. Two Express Crown at the rate of \$500	1,000	1,160	Ambassador Bal Ram
13/06/07	06/06	502820	Being refund of medical Expense. Two Express Crown at the rate of \$500	1,000	1,190	Ambassador Bal Ram

Public funds were also used to subscribe for pay television from Sky Television Limited for the Ambassador's residence. Refer to Table 8.11 for details.

Table 8.11: Details of the Subscription Payments

Date	PV	Chq No.	Amount NZ (\$)	Amount FJ (\$)
11/01/07	24/01	502636	75.93	87.93
14/02/07	20/02	502674	75.93	88.70
16/03/07	19/03	502716	75.93	88.42
18/04/07	28/04	502761	75.93	88.35
16/05/07	26/05	502794	75.93	90.60
15/06/07	11/06	502825	75.93	90.49
08/08/07	5/08	502890	102.61	126.95
Total			558.19	661.44

In the absence of strict monitoring process in place, unwarranted and extravagant expenditures may be incurred by Fiji Missions' overseas at the expense of the public funds.

Recommendations

- **The costs incurred should be recovered from the former Ambassador.**
- **The Ministry should ensure that the Mission strictly comply with the Diplomatic and Consular Services Regulation with regards to reimbursements of medical expenses.**

Management Comments

Reimbursement made to the former High commissioner was processed in good faith. This is an over-sight on our part and will not be repeated.

The payment of SKY Television from Public Fund has been an on going for a number of years. The High Commissioner host functions for guest such as the diplomatic corp., NZ Government Ministers and Officials.

SKY Television covers international news on a 24hr period, sports, NZ national issues & Maori Issues etc, which are all very important to such guests. We believe that hosting these functions further enhances our relationship in promoting Fiji's interest.

Additional comments: HOM/diplomats are required to be fully informed of current events/Regional and International Developments to be able to provide accurate information and assessment to HQ.

Ref:77(i)): Dental treatment – The treatment being referred in this instance is reimbursable according to 77(1) A crown is an artificial restoration that fits over the remaining part of a prepared tooth, making it strong and giving it a shape of a natural tooth. Crowns are an ideal restoration for teeth that have been broken or weakened by decay. A crown is a cap positioned over an existing tooth to strengthen it.

Orthodontics is the branch of dentistry dealing with the prevention or correction of irregularities of the teeth. i.e. tooth straightening braces etc.

8.11 Fiji Consulate General – Sydney

8.11.1 FNPF and Income Tax Deductions

Subject to the other provisions of the Income Tax Act there shall be assessed, levied and paid a tax to be known as normal tax for each year of assessment on every dollar of chargeable income of an individual whose total income, in the case of a resident, exceeds \$8,840 or any other person, other than a company in respect of his chargeable income for the year of assessment.¹¹

The officer will be required to contribute to the Fiji National Provident Fund (FNPF) in accordance with FNPF Act Cap 219.¹²

In addition to basic salaries, Head of Missions and officers serving in overseas Missions are entitled to post allowances, location allowance, representation allowance, representational supplementary allowance and child allowance¹³.

The former Consular General, Ratu Meli Malani, was posted to the Fiji Consulate General with effect from 1/4/03.

The Officer was not assigned any Electronic Data Processing [EDP] number; hence, his name was not included in the Ministry's payroll. However, this was rectified from Pay 16 of 2007 when it was highlighted in the audit report.

In the 2006 audit, it was highlighted that the Officer also received fortnightly deductions for FNPF and PAYE without remitting them to the relevant authorities. The total superannuation contributions and normal tax that have yet to be remitted to the FNPF and FIRCA amounted to \$54,766.07. Refer to Table 8.12 for details:

Table 8.12: Breakdown Details of the FNPF and Income Tax Deductions

Year	FNPF Contribution FJ (\$)	PAYE FJ (\$)	Total FJ (\$)
2003	2,059.62	6,032.38	8,092.00
2004	3,150.00	9,226.00	12,376.00
2005	3,514.89	10,277.77	13,792.66
2006	3,309.36	9,694.10	13,003.46
2007	1,909.20	5,592.75	7,501.95
Total	13,943.07	40,823.00	54,766.07

Although the Officer's contract concluded on 30/10/07, the former Consular General has yet to return to Fiji.¹⁴ The officer has not provided any justification to the Ministry for the delay in remitting the funds to respective authorities.

¹¹ Section 7 (1) Income Tax Act Cap 201 Revised on 30th May 2007

¹² Service Agreement dated 17/01/03

¹³ Section 48 (1) Public Service (Diplomatic and Consular Services) Regulations 2005

¹⁴ As at 14/01/08

In addition, audit noted that the former Consular General was paid A\$10,045.61 (FJ\$13,594.80) for what he claimed to be outstanding post allowances back dated to 01/04/03 without prior consultations and written approval from the Permanent Secretary. Refer to Table 8.13 for details:

Table 8.13: Details of the Overpaid Post Allowances

Date	Chq No	Amount AUS(\$)	Amount FJ(\$)
03/05/07	2563	2,981.59	4,003.21
09/05/07	2564	1,203.30	1,615.60
25/05/07	2574	860.72	1,155.64
15/08/07	2121	5,000.00	6,820.35
Total		10,045.61	13,594.80

The failure on part of Ministry to carefully scrutinise expenses incurred by the Mission and rectify the above anomaly much earlier has resulted in the substantial amount not being remitted to the relevant authorities.

Recommendations

- **The Ministry should immediately take all necessary actions to ensure that the former Consular General reimburses the amounts to the relevant authorities.**
- **Further investigation is warranted for the outstanding post allowances claimed by the former Consular General.**

Management Comments

Payments for FNPF & PAYE

The former Consular General had assured HQ's that the FNPF and PAYE will be paid directly by his office to the respective stakeholders.

Salary Vouchers that were prepared at the Mission were based on the Net amount and the tax portion (PAYE & FNPF) were not forwarded to Head Quarters.

Arrears of Post Allowances

Allowances paid based on assumptions that the consul General is HOM with the following justifications:

- 1. The Consulate-General is a stand alone operation accountable directly to the Permanent Secretary for Foreign Affairs.*
- 2. The Consul-Generals work contract states that he CG reports directly to the Permanent Secretary for Foreign Affairs.*
- 3. All Government Circulars and correspondences directed to HOM's also includes the Consulate-General, Sydney.*
- 4. Definition of HOM in the FOSR is wide enough to include the Consul-General given that the Consul-General is the accredited representative of the Fiji Government in the NSW region of accreditation.*

Unfortunately no approval was allowed

Additional comments: Rt Meli Malani was posted to Sydney in the first instance as Trade Commissioner under the Ministry of Trade & Commerce. He was re-graded as Consul General to Sydney in 2003 and his salary was

continued in the manner he was being paid by his former employer until the matter was reviewed and rectified in 2007.

The Ministry is exploring through the Office of the SG legal means of recovery in Australia.

8.12 Fiji High Commission – Papua New Guinea

8.12.1 Dependants' Education Cost

The Public Service (Diplomatic and Consular Services) Regulations 2005 lists the approved schools that officers in the different missions may send their children to. For officers serving in the Port Moresby Mission, International School is recommended.¹⁵

Where the Head of Mission or Officer wish to enrol their child in a school other than the designated schools listed under sub regulation 67(3), any fees outside the equivalent of the one paid at the designated school would have to be borne by the parents.¹⁶

The High Commissioner's son attended the St Josephs Nudgee College in Brisbane, Australia. The Mission paid from public funds a sum of A\$46,010.45 (FJ\$62,761.50) the cost of his education with effect from 11/05/06 to 09/08/07. Refer to Table 8.14 for details:

Table 8.14: Breakdown Details of Education Cost

Particulars	Amount A(\$)	Amount FJ(\$)
Tuition Fees	24,019.00	32,763.61
Boarding Fees	18,231.00	24,868.37
Book room Account	516.60	704.68
Clothing Account	1,747.85	2,384.19
Overseas Health Cover	684.00	933.02
Others	812.00	1,107.63
Total	46,010.45	62,761.50

(FJ \$1 = AUS\$0.7331 August 2007 MOF figures)

There was no evidence provided for audit purposes to substantiate that prior approvals were obtained from the Permanent Secretary and Public Service Commission for the Officer's son to attend a school not specified in the Public Service (Diplomatic and Consular Services) Regulations 2005.

The Ministry had to pay for relatively higher tuition costs without proper authority from the Public Service Commission.

Recommendations

- **The amount in excess of the relevant officer's entitlement for education allowance for his dependent should be recovered by the Ministry.**
- **The Ministry should take a stronger role in ensuring that diplomats comply with the Public Service (Diplomatic and Consular Services) Regulations 2005 and any deviations without approval from the relevant authorities, should be dealt with accordingly.**

¹⁵ Section 67(4) Public Service (Diplomatic and Consular Services) Regulations 2005

¹⁶ Section 67(5) Public Service (Diplomatic and Consular Services) Regulations 2005

Management Comments

The decision made by the High Commissioner at Papua New Guinea was purely based on security reasons at the school at Port Moresby.

8.12.2 Non-Clearance of Accountable Advances

Officers serving in overseas missions are responsible for the payment of all charges for private telephone, cleaning and domestic services and related charges in respect of their accommodation.¹⁷

In addition to basic salaries, Head of Missions and officers serving in overseas missions are entitled to the post allowance, representation allowance, representational supplementary allowance and child allowance. Representation allowance cover direct and necessary expenditures on official entertainment.¹⁸

Audit could not ascertain whether the following accountable advances have been cleared as the relevant records were not available during the audit. Refer to Table 8.15 for examples:

Table 8.15: Details of the Outstanding Accountable Advance

Date	PV	Payee	Particulars	Amount Kina	Amount FJ\$
12/04/07	02978	Ratu Isoa Tikoca	Being payment of accountable advance on official Diplomatic Duties to Honiara, Solomon Islands and Port Vila, Vanuatu	2,000	1,125.49
24/08/07	02888	Commissioner Esala Teleni	Being payment of accountable advance while attending MSG Security workshop in LAE	1,000	535.85
24/08/07	02889	Ratu Isoa Tikoca	Being payment of accountable advance for travel to Brisbane/Sydney for medical reason	2,600	1,393.21

Compliance with the Public Service (Diplomatic and Consular Services) Regulations 2005 is vital to ensure proper management of public funds to avoid unwarranted and extravagant expenditures.

Recommendations

- **The Ministry should be more vigilant in scrutinising expenditure records submitted by the Fiji Missions overseas to verify that expenses incurred are within the Public Service (Diplomatic and Consular Services) Regulations 2005 and to ensure financial prudence in the utilisation of public funds.**
- **Records to substantiate the clearance of accountable advances should be submitted for audit.**

Management Comments

Date	PV	Payee	Particulars	Amount Kina	Amount FJ\$	
12/04/07	02978	Ratu Isoa Tikoca	Being payment of accountable advance on official Diplomatic Duties	2,000.00	1,125.49	Negotiations are underway for the clearance of advance

¹⁷ Section 63 (3) Public Service (Diplomatic and Consular Services) Regulations 2005

¹⁸ Section 49 Public Service (Diplomatic and Consular Services) Regulations 2005

<i>Date</i>	<i>PV</i>	<i>Payee</i>	<i>Particulars</i>	<i>Amount Kina</i>	<i>Amount FJ\$</i>	
			<i>to Honiara, Solomon Islands and Port Vila, Vanuatu</i>			
24/08/07	02888	Commissioner Esala Teleni	Being payment of accountable advance while attending MSG Security workshop in LAE	1,000.00	535.85	Despite several reminders, no clearance was made.
24/08/07	02889	Ratu Isoa Tikoca	Being payment of accountable advance for travel to Brisbane/Sydney for medical reason	2,600.00	1,393.21	Negotiations are underway for the clearance of advance

8.13 Fiji Embassy – Beijing

8.13.1 Creation of First Secretary's Post

The Commission may, on the recommendation of the Chief Executive Officer, established, abolish or amalgamate one or more positions in overseas missions.¹⁹ In exercise of the authority under sub regulation 4(2), the Commission must take into account the financial implications and current human resources needs of the overseas mission concerned.²⁰

Under the Public Service (Diplomatic and Consular Services) Regulations 2005, Legal Notice No. 80/05, the following posts for the Fiji Embassy in China were established and approved:

- Ambassador
- Counsellor – US 04
- Second Secretary – SS02
- Second Secretary - SS03
- Third Secretary

Contrary to above, the staffs actually employed at the Mission include the following:

- Ambassador
- Counsellor
- First Secretary
- Third Secretary

The post of First Secretary, which Mr. Naipote Katonitabua was holding, did not exist in the current regulation which came into effect on 1/01/06. However, it was indicated that the post of the First Secretary was established according to the Staff Establishment 2007 approved by the Public Service Commission. The approved posts are as follows:

¹⁹ Section 4 (2) Public Service (Diplomatic and Consular Services) Regulations 2005

²⁰ Section 4 (3) Public Service (Diplomatic and Consular Services) Regulations 2005

- Ambassador
- First Secretary
- Second Secretary

On verification, it was noted that the 2005 Staff Establishment approved by the Public Service Commission was not amended in line with the current regulations (2006) which superseded all existing establishment. The same staff establishment was relevant in 2007. In addition, the Ministry was requested to provide a copy of the legal variation notice for the creation of the post of First Secretary. However, this was not made available for audit.

The Ministry also did not have any documents on the approved post allowances remuneration for the post of First Secretary. In absence of any such documentation, the Ministry continued to remunerate Mr Katonitabua at the rate of the Counsellor (US04).

Moreover, Major Neumi Leweni was appointed on a vacant post as Counsellor (US04) with effect from 17/08/07. Hence, both the officers were paid allowances at the rate for USO4 (Counsellor). Refer to Table 8.16 for details.

Table 8.16: Remuneration Details

Name	Substantive Post	Location Allowance FJ\$	Representational Allowance FJ\$	Representation Allowance FJ\$	Total FJ\$
Neumi Leweni	Counsellor	48,858	20,338	16,101	85,297
Naipoate Kataonitabua	First Secretary	48,858	20,338	16,101	85,297

In absence of proper documentation for the creation of the post of First Secretary, the remuneration and allowances paid is a breach of the Public Service Regulation and indicate the Ministry's laxity.

Recommendation

The Ministry should rectify the above anomaly and take necessary actions to recover any overpaid allowances and salaries.

Management Comments

The Public Service Commission vide Variation Notice No 8 referenced 29/299/54-4 of 19/7/200 created the following posts for the Beijing Mission:-

*Ambassador - US 02
First Secretary- SS 01
Second Secretary – SS 02*

The incumbent was promoted to First Secretary on 15/5/05. The anomaly with regards to the overpayment of this post is noted and the Ministry will be liaising with the Public Service Commission to rectify the oversight by proposing the appropriate allowance to be paid to the First Secretary as the current Public Service (Diplomatic and Consular Services) Regulations does not have such provisions.

Additional Comments: Even though the post allowance was not reflected in the Diplomatic & Consular Services Regulations, a schedule of the Beijing Post allowance was forwarded to the Mission which includes the Counsellor Allowance. In actual fact the counsellor is underpaid and our accounts section is in the process of paying him all the overdue allowances.

Neumi Leweni Counsellor

	<i>Location Allowance FJD</i>	<i>Representational Allowance FJD</i>	<i>Representation Allowance FJD</i>	<i>Total FJD</i>
<i>Entitlement</i>	<i>53,181</i>	<i>20,153</i>	<i>17,747</i>	<i>91,081</i>
<i>What was paid to him</i>	<i>48,858</i>	<i>20,338</i>	<i>16,101</i>	<i>85,297</i>
<i>Difference</i>	<i>4,323</i>	<i>185CR</i>	<i>1,646</i>	<i>5,784 (Underpayment)</i>

Naipote Katonitabua (1st Secretary)

	<i>Location Allowance FJD</i>	<i>Representational Allowance FJD</i>	<i>Representation Supplement</i>	<i>Total</i>
<i>Entitlement</i>	<i>48,766</i>	<i>12,100</i>	<i>15,337</i>	<i>76,203</i>
<i>What was paid to him</i>	<i>48,858</i>	<i>16,101</i>	<i>20,338</i>	<i>85,297</i>
<i>Difference</i>	<i>92</i>	<i>4,001</i>	<i>5,001</i>	<i>9,094 Overpayment</i>

8.14 Fiji High Commission – London

8.14.1 Personal Phone Calls

Officers serving in overseas missions are responsible for the payment of all charges for private telephone, cleaning and domestic services and related charges in respect of their accommodation.²¹

The official telephone was used on many occasions for making long distance calls for which no sufficient reason was provided. The following unofficial numbers were noted to be used frequently by the Mission. Refer to Table 8.17 for details.

Table 8.17: Personal Calls by the Acting High Commissioner

Telephone No.	Destination	Phone Call Bills	Phone Call Bills (FJ\$)
679-8823177	Vanua Levu	April – £94,72 June – £25,68 August – £130,43	307.03 82.76 417.24
679-3320549	Suva	April – £61,74 June – £50,75 August – £118,10	200.13 163.55 377.80
679-9272539	Fiji Mobile	April – £53,67 June – £54,65 August £52,56	173.97 176.11 168.14
679-3322972	Suva	April – £52,68 June – £80,24 August £56,75	170.76 258.59 181.54
679-3381358	Suva	April – £48,43 June – £47,45	156.99 152.92

²¹ Public Service (Diplomatic & Consular Services) Regulations 2005 – 63 (3)
Ministry of Foreign Affairs and External Trade

Telephone No.	Destination	Phone Call Bills	Phone Call Bills (FJ\$)
		August - £57,11	182.69
679-9258066	Fiji Mobile	April – £18,54	60.10
679-9381056	Fiji Mobile	April – £10,08	32.67
679-9452054	Fiji Mobile	August - £49,52	158.41
679-9705864	Fiji Mobile	August - £31,80	101.73
Total			3,523.13

Analysis of Missions telephone bills for three months revealed that calls were made by the Acting High Commissioner, Mrs Maca Tuilakepa. Although, on occasions she has repaid personal call charges, the repayments would not always include the full amounts.

The above practice indicates lack of monitoring controls by the Accounts Section and is an indication of abuse of official resources by the Diplomat.

Recommendation

The Mission should scrutinize all telephone bills and ensure that personal call charges are recovered from the relevant officers.

Management Comments

All personal calls made by staff of the London Mission were scrutinized and entered in the Mission's Register for private telephone charges and the relevant officers are making payments for their respective bills. Mrs Maca Tulakepa is still making payments for her outstanding bill for 2007 which carries a balance of £646.14 after the Pay 13 deduction.

The Mission is still making the necessary recovery from her salary to offset the outstanding personal bill and will increase her deduction to £49.70 from Pay 14/08.

The recommendation by Audit is noted and has been adhered to in this regard.

8.14.2 Transport Penalties

Any Fiji officer or family member who is notified that he/she has infringed the local parking regulations must pay promptly any fine for which he/she is liable unless the breach occurred during the transaction of official business and could not have been readily avoided. If the breach did occur in the course of official business the officer should report the circumstances to his/her Head of Mission who if satisfied that the breach was unavoidable in the circumstances, may arrange for the notice to be returned through the appropriate local authority with a note setting out the circumstances which led to the contravention²².

The Mission was penalised for using the official vehicles between 19/02/07 to 09/10/07 in the congestion charging area, and without paying the appropriate road toll fees. It was charged penalties amounting to £10,850 (FJ\$35,296.03) by the Transport Authority London.

The Mission paid £4,854 (FJ\$15,790.50) on 30/10/07 on the authorisation of the Acting Ambassador with £6,000 (FJ\$19,518.54) still outstanding as at the time of audit.²³

²² Fiji Overseas Regulations C.31

²³ Audit conduct 18/01/08

The non-payment of congestion charges has resulted in the substantial fines being levied on the Mission at the expense of the public funds.

Recommendations

- **The Ministry should ensure that Missions observe local laws to avoid such unwarranted expenditures at the expense of public funds.**
- **The Ministry should further investigate the matter and take the necessary disciplinary actions if warranted.**

Management Comments

The Mission wishes to categorically state that no Officer of this Mission had infringed on or had breached traffic rules and regulations of London. The expenditures mentioned under the audit Query of transport penalties are for the unpaid congestion levied on the Fiji High Commission by the Transport for London for using the Official vehicles on congestion charging zones.

As of February 2007, the UK law on Congestion Charging Zone (CCZ) which was only applied to the Westminster Borough was extended to also include the Royal Borough of Kensington and Chelsea, the congestion charge operates Monday to Friday between the hours of 7.00am to 6.00pm. The office of the Fiji High Commission (Chancery) and the residence of the first secretary, 41 Campden Hill Court are in the Kensington Borough which are now congestion charging zones. All vehicles entering or park in these CCZ are required to pay a congestion charge of £8.00 daily.

The penalties arose from non-payment of the daily congestion charges, the Mission would also like to state that the non-payment of these daily expenses were due to the following factors:-

- *There was no budgetary provision for this new expense;*
- *The mission was advised by Headquarters after the announcement of the Mini-Budget of March 2007 to reduce costs by 10%*
- *To address the cost cut for SEG 1 – the Mission was to reduce the Locally Engaged Staff by one;*
- *Missions must be stringent on all spending; and*

The Mission's endeavour to pay for expenses such as the congestion charges could not be helped due to the above mentioned factors. The Mission did not make any payment until the 3rd and 4th quarter following the review of the quarterly expenditure for the 3rd quarter in September where it was noted that the Mission could use some of the running expenses vote to offset part of the congestion charge expenses.

The total penalty was £10,800.00 and the Mission had paid £4850.00. Please note that this payment of £4,850.00 was accepted by the Transport for London as full and final payment for the penalties and for the remaining balance of £6,000.00 to be written off.

8.15 Fiji Embassy – Tokyo

8.15.1 Overpaid Location Allowance

The Public Service Regulation 2005 stipulates that a married officer assigned as First Secretary to Tokyo Mission shall be paid ¥5,311,244 as Location Allowance per annum.²⁴

The First Secretary, Aliko Turagakula, was paid location allowance at the rate of ¥6,441,240 and hence was overpaid by ¥ 86,922 (FJ\$1,242.46). Refer to Table 8.18 for details:

²⁴ Public Service (Diplomatic & Consular Services) Regulations 2005 – Post Allowance Page 45
Ministry of Foreign Affairs and External Trade

Table 8.18: Details of the Overpaid Location Allowance

Date	PV No	Amount Paid (Yen)	Amount should be paid (Yen)	Overpaid (Yen)	Overpaid (FJ\$)
11/01/07	2558	247,740	204,279	43,461	621.23
17/01/07	2579	247,740	204,279	43,461	621.23
Total		495,480	408,558	86,922	1,242.46

The above indicates poor monitoring and checks on the records submitted by the Mission which had resulted in the above overpayment of location allowance of ¥ 86,922 (FJ\$1,242.46).

Failure to thoroughly scrutinise the Mission's records increase the risk of abuse of public funds.

Recommendations

- **The Ministry should ensure that the records submitted by the Missions are properly scrutinised and the Missions are advised of any anomalies or non-compliance with any provisions of the Public Service Diplomatic and Consular Services Regulation.**
- **The overpaid allowances should be recovered from the relevant officers.**

Management Comments

The Fiji Public Service Regulations (Diplomatic & Consular Services) 2006 stipulates that a married officer assigned as First Secretary to Tokyo Mission shall be paid 6,311,244yen as Location Allowance per annum (page attached with correspondence)

Therefore the two weekly payments of post allowances as per payment vouchers (2558 & 2579) are correct. There are no overpaid of allowances in this case.

8.15.2 Personal Expenses

Officers serving in overseas mission are responsible for the payment of all charges for private telephone, cleaning and domestic services and related charges in respect of their accommodation.²⁵

Personal calls and other extravagant expenditures were incurred by the staffs of the Mission at the expense of public funds. Refer to Table 8.19 for details:

Table 8.19: Details of the Personal Calls

Post/Name/Particulars	Amount (¥)	Amount (FJ\$)	Examples
First Secretary- Aliko Turagakula (Residence)	130,702	1,821.96	Refer to Appendix 8.4
First Secretary - Aliko Turagakula (Mobile)	62,876	868.56	Refer to Appendix 8.5
Ambassador – Rt Inoke Kubuabola's (Residence)	132,048	1,813.80	Refer to Appendix 8.6
Ambassador – Rt Inoke Kubuabola's (Mobile & Telephone bills)	542,310	7,425.36	Refer to Appendix 8.7
Total	867,936	11,929.68	

²⁵ Public Service (Diplomatic & Consular Services) Regulations 2005 – Part 8(63)(3)
Ministry of Foreign Affairs and External Trade

The above indicated the Officers' blatant disregard of the Public Service Regulations.

Recommendations

- **The Mission should scrutinize all telephone bills and recover costs of personal calls from respective officers.**
- **The Ministry should ensure that the records submitted by the Missions are properly scrutinised and the Missions are advised of any anomalies or non-compliance with any provision of the Public Service Diplomatic and Consular Services Regulation.**

Management Comments

Action taken – The Mission will now take care and closely scrutinize all telephone bills and recover costs of personal calls from respective officers.

Additional comments: The missions have been reminded to maintain a telephone register.

8.16 ACCIDENT –GM 903

Vehicles must only be used for official purposes unless approved in writing by the CEO or permitted under an officer's term of employment.²⁶

Vehicles keys must be handed over to the Senior Administrative Officer or Assistant Secretary at the end of the day and week. Drivers shall park vehicles at the Suvavou House carpark at the end of each business day and at weekends.²⁷

On 8/04/07, the Ministry's vehicle registration number GM 903 was involved in an accident while driven by a Mr. Cakacaka Yaco without authorization and under the influence of alcohol. The vehicle sustained heavy damages as illustrated below:



The same officer was also involved in an accident on 2/08/04 while driving vehicle registration number GN223 for which he was cautioned with a warning letter.

The relevant officer has been on suspension since 12/04/07 and as the date of audit, the Ministry has yet to instigate any action to recover from the officer the cost of the damage to the vehicle.

The above indicates the Ministry's negligence in maintaining discipline and compliance with government transport rules and instructions.

²⁶ Section 12.3.1 Ministry of Foreign Affairs Finance Manual

²⁷ Internal Circular 02/2006 dated 22/09/06

Recommendations

- **The Ministry should ensure that vehicles keys are handed over to the Transport Officer at the end of the day.**
- **Access to the official premises during the weekends should only be allowed with the prior approval of the Permanent Secretary.**

Management Comments

In response to the recommendation the Transport Officer will now ensure that vehicle keys are handed over to him at the end of each day.

The Ministry will also ensure that access to the official premises is obtained with the prior approval of the Permanent Secretary.

Additional Comments: The ministry has installed a computerised security system that would allow restricted access to authorised personnel only after working hours and weekends.

Appendix 8.1: Statement of Output Costs

Portfolio Leadership and Policy Advise

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	3,286,808	4,199,119
Unestablished Staff	1,240,692	1,399,700
Travel & Communication	951,612	1,051,798
Maintenance & Operations	2,446,569	3,146,359
Purchase of Goods & Services	166,100	81,103
Operating Grants & Transfers	735,911	902,926
Special Expenditure	1,432,516	2,200,141
Total Operating Costs	10,260,208	12,981,146
Capital Expenditure		
Capital Construction	98,843	11,693
Total Capital Expenditure	98,843	11,693
Value Added Tax	1,132,784	1,086,063
TOTAL EXPENDITURE	11,491,835	14,078,902

Portfolio Leadership Secretariat Support

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	657,362	839,824
Unestablished Staff	248,138	279,940
Travel & Communication	190,323	210,360
Maintenance & Operations	489,314	629,272
Purchase of Goods & Services	33,220	16,220
Operating Grants & Transfers	147,182	180,585
Special Expenditure	286,503	440,028
Total Operating Costs	2,052,042	2,596,229
Capital Expenditures		
Capital Construction	19,769	2,338
Total Capital Expenditure	19,769	2,338
Value Added Tax	226,556	217,213
TOTAL EXPENDITURE	2,298,367	2,815,780

Public Awareness Promotions

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	438,241	559,883
Unestablished Staff	165,426	186,627
Travel & Communication	126,881	140,240
Maintenance & Operations	326,209	419,514
Purchase of Goods & Services	22,147	10,814
Operating Grants and Transfer	98,121	120,390
Special Expenditure	191,002	293,352
Total Operating Costs	1,368,027	1,730,820
Capital Expenditures		
Capital Construction	13,179	1,559
Total Capital Expenditure	13,179	1,559
Value Added Tax	151,038	144,808
TOTAL EXPENDITURE	1,532,244	1,877,187

Appendix 8.2(a): Details of Unreconciled VAT Balances

Details	\$
Total income/expenditure as per Statement of Receipts and Expenditure	15,322,446
Less: Expenditure not subject to Vat – Grant to Legal Aid Commission	981,214
	14,341,232
Less: Total taxable supplies as per VAT Returns	14,147,232
Un-reconciled variance	194,000

Appendix 8.2(b): Unreconciled VAT Balances

Details	\$
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	1,510,378
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2007	1,577,760
Un-reconciled variance	67,328

Appendix 8.3: FNPF Reconciliation Balances

Details	\$	\$
(a) Total FNPF against salaries and wages for 2007		
FNPF as per financial statement		242,020
Add: FNPF for December 2007		18,354
		260,374
Less: FNPF for December 2006		25,870
		234,504
Gross pay subject to FNPF (234,504 divided by 0.08)		2,931,300
(b) Salaries and wages for 2007 subject to FNPF:		
Salaries, wages and allowances as per financial Statement		5,794,648
Less: Salaries, wages and allowances not subject to FNPF:		
Entertainment Allowance	6,750	
Transfer Allowance	1,504,064	
Clothing Allowance	15,630	
Extra Duty Allowance	324	
Education Allowance	151,470	
Equipment Allowance	400	
		1,678,638
Salaries, wages and allowance for 2007 subject to FNPF		4,116,010
Variance		(1,184,710)

Appendix 8.4: Personal Telephone Charges - First Secretary, Tokyo Mission

Date	Payment Voucher	Amount (¥)	Amount (FJ\$)	Particulars
08/03/07	2673	7,558	105.36	Payment of domestic calls at First Secretary's residence for 12/12/06 to 05/02/07.
	2674	90,142	1,256.56	Payment of Internet International Calls at the First Secretary's residence from November, 2006 to January, 2007.
	2675	33,002	460.04	Payment of International Calls at the First Secretary's residence from December, 2006 to January 18 th , 2007.
Total		130,702	1,821.96	

Appendix 8.5: Personal Telephone Charges – Turagaikula, Tokyo Mission

Date	Payment Voucher	Amount (¥)	Amount (FJ\$)	Particulars
08/03/07	2676	39,068	544.60	Payment of Mrs Turaganikula's Mobile bill
	2677	6,953	96.92	Payment of Mr Aliko Turaganikula's Mobile phone bill
05/06/07	2799	16,855	227.04	Payment of Mr Aliko Turagakula's mobile phone bill

Date	Payment Voucher	Amount (¥)	Amount (FJ\$)	Particulars
Total		62,876	868.56	

Appendix 8.6: Personal Telephone Charges - Ambassador's Residence, Tokyo

Date	Payment Voucher	Amount (¥)	Amount (FJ\$)	Particulars
13/02/07	2633	6,247	87.16	Payment for local calls at the Ambassador's residence for Dec 21 st , 2006 to Jan 20 th , 2007.
21/02/07	2642	10,000	139.52	Payment of software installation at Ambassador's residence
	2643	11,655	162.61	Payment for Ambassador's residence Cable TV Service fee and Internet Provider fee for January, 2007
	2644	1,141	15.92	Payment for gas for Ambassador's residence from 12/01 to 17/02/07
19/03/07	2694	11,655	162.47	Payment for Ambassador's residence Broadcasting Service fee and Internet Service fee for February, 2007
17/04/07	2725	1,282	18.20	Payment for gas for Ambassador's residence from 08/03 to 06/04/07
17/04/07	2727	14,595	207.17	Payment for Ambassador's residence cable TV Service fee and Internet Provider fee for March, 2007
18/05/07	2781	11,655	158.85	Payment for Ambassador's residence Internet Provider fee and Internet Provider fee for April, 2007
09/05/07	2763	18,000	245.32	Payment of OS Installation at Ambassador's residence
09/05/07	2759	4,900	66.78	Payment for Line Usage at the Ambassador's residence from 21/03/07 to 20/04/07
18/05/07	2780	1,421	19.37	Payment for gas for Ambassador's residence from 07/04/07 to 10/05/07
21/06/07	2724	11,655	156.99	Payment for Ambassador's residence Internet Provider and Cable TV Fee for May 2007
21/06/07	2821	1,421	19.14	Payment for gas for Ambassador's residence from 11/05 to 07/06/07
20/08/07	2914	11,655	150.84	Payment for Ambassador's residence Modem Rental fee, Internet Service fee and Cable TV Fee for July, 2007
20/08/07	2915	1,417	18.34	Payment for gas for Ambassador's residence from 10/07 to 07/08/07
19/09/07	2980	11,655	161.63	Payment for Ambassador's residence Internet Provider fee and Internet Provider fee for August, 2007
	2978	1,694	23.49	Payment for gas for Ambassador's residence from 08/08/07 to 07/09/07
Total		132,048	1,813.80	

Appendix 8.7: Ambassador's Mobile & Residence Phone Bill – Tokyo Mission

Date	Payment Voucher	Amount (¥)	Amount (FJ\$)	Particulars
28/02/07	2653	105,004	1,464.99	Payment of Ambassador's mobile phone bill
26/04/07	2742	15,188	215.59	Payment for Ambassador's residence overseas calls
02/04/07	2712	78,347	1,112.13	Payment of Ambassador's mobile phone bill
16/04/07	2726	5,414	76.85	Payment for local calls at the Ambassador's residence from 21/02/07 to 20/03/07
02/05/07	2753	76,910	1,048.22	Payment of Ambassador's mobile phone bill
23/05/07	2787	13,593	185.26	Payment for Ambassador's residence overseas calls for April, 2007
11/06/07	2818	7,241	97.54	Payment for local calls at the Ambassador's residence from 21/04/07 to 20/05/07
05/06/07	2810	100,900	1,359.16	Payment of Ambassador's mobile phone bill from 11/04/07 to 10/05/07

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Date	Payment Voucher	Amount (¥)	Amount (FJ\$)	Particulars
06/08/07	2892	71,667	927.51	Payment of Ambassador's mobile bill
20/08/07	2910	5,971	77.28	Payment for local calls at the Ambassador's residence from 21/06/07 to 20/07/07
25/09/07	2983	16,425	227.77	Payment for International Calls at the Ambassador's residence for August 2007
18/09/07	2956	6,370	88.34	Payment for local calls at Ambassador's residence for 02/07/07 to 20/08/07
14/09/07	2952	39,280	544.72	Payment of Ambassadors mobile phone bill
Total		542,310	7,425.36	

Section 9

Office of the Supervisor of Elections

The Supervisor of Elections is responsible for the registration of voters and the organisation, conduct and supervision of the election of members to the House of Representatives and at Local Government level. The Supervisor is also responsible with providing administrative support for the Constituency Boundaries Commission in the discharge of its duties. Responsibilities or deliverables undertaken by the office as budgeted for are outlined as follows:

- Publication and Revision of the National Electoral Rolls.
- Conduct Local Government Elections
- Public Awareness & Educational programs
- Constituency Boundaries Commission
- Voter Registration Update

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FINANCIAL STATEMENT

9.1 Audit Opinion

The audit of the 2007 accounts of the Office of the Supervisor of Elections resulted in the issue of a qualified audit report.

The grounds for qualifications are as follows:

1. The amounts in the Statement of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Office under each output.
2. The office has not provided the following contrary to Finance Instructions 82(1):

- A Statement of Losses; and
- A Trust Fund Account Statement of Receipts and Payments. The Financial Management Information System shows that the Office as at 31/12/07 has an overdrawn operating trust fund balance totalling \$507,284.

9.2 Statement of Receipts and Expenditures

The Office incurred total expenditures of \$504,072 in 2007 compared to \$28,263,395 in 2006.

Table 9.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue	0	54
Agency Revenue	0	622
TOTAL REVENUE	0	676
EXPENDITURES		
Operating		
Established Staff	157,467	190,798
Unestablished Staff	16,301	14,988
Travel & Communication	86,904	21,445
Maintenance & Operations	50,860	32,301
Purchase of Goods & Services	21,740	17,606
Operating Grants & Transfers	120,831	25,323,877
Total Operating Expenditures	454,103	25,601,015
Value Added Tax	49,969	2,662,380
TOTAL EXPENDITURES	504,072	28,263,395

The significant variance between the expenditures for 2006 and 2007 is due to the general elections in 2006.

9.3 Statement of Output Costs

As described in Section 9.1, the Statements of Output Costs consolidates the 5 outputs prescribed in the Budget Estimates. These are detailed in Appendix 9.1.

9.4 Appropriation Statement

The Office incurred expenditures totalling \$504,072 in 2007 against a revised budget of \$707,464 resulting in a savings of \$203,392 or 29%.

Details of expenditures against the Budget Estimates are provided in the Appropriation Statement in Table 9.2.

Table 9.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	169,083		169,083	157,467	0	11,616
2	Unestablished Staff	11,925		11,925	16,301	0	(4,376)
3	Travel & Communication	102,000		102,000	86,904	0	15,095
4	Maintenance & Operations	120,574		120,574	50,860	0	69,714
5	Purchase of Goods & Services	25,282		25,282	21,740	0	3,542
6	Operating Grants & Transfers	200,000		200,000	120,831	0	79,169
	Total Operating Costs	628,864		628,864	454,103	0	174,760
13	Value Added Tax	78,600		78,600	49,969	0	28,631
	TOTAL EXPENDITURE	707,464		707,464	504,072	0	203,391

9.5 Statement of Losses

The Office did not submit a Statement of Losses for audit.

AUDIT FINDINGS

9.6 Missing Fixed Assets

The Officers in charge who have custody of an asset at the time of the stock take shall be responsible for responding to any issues raised in the stock take report. If an asset has been lost while in the care of that officer, he/she shall take appropriate measures to recover the asset.¹

All property, plant and equipment with a value in excess of \$2,000 must be recorded in the agency's asset ledger.² Assets whose value is between \$200 and \$2,000 must also be recorded in an Expendable Items Register.³

A physical verification of fixed assets during the audit revealed that 3 laptop computers and 5 mobile phones valued at \$5,321 and \$2,182 respectively were missing. The items were procured during the 2006 General Elections. Refer to the Tables below for details:

Table 9.3: Details of missing computers

Date	PV No.	Supplier	Particulars	Amount (\$)
30/12/06	1355 C	HP Aust Pty Ltd	CNU5442110	2,091.56
28/07/06	19984	Xceed Pasifika Ltd	LXTA 830712	1,570.00
			LXTA 830687	1,570.00
Total				\$5,231.56

¹ Election Finance Manual 2005 Section 11.4.4

² 2005 Finance Instructions 54(1)

³ 2005 Finance Instructions 54(3)

Table 9.4: Details of missing Mobile Phones

Date	LPO No.	Particulars	Value (\$)
05/01/06	566580	Nokia 6230 Handset s/n 356223007681032	674.66
27/02/06	595126	Nokia 6101 Clamshell Handset	496.88
27/02/06	595126	Alcatel OT153PIB	79.11
28/03/06	596158	Nokia 6030 PIB	256.89
08/05/06	0669	Nokia s/n 357099009142648	674.67
Total			\$2,182.21

Missing fixed assets were also highlighted in the 2006 audit report but the Office has yet to maintain proper and up to date Fixed Assets Register. The findings imply inadequate controls over the custody of fixed assets.

Recommendation

The Office should surcharge the officers responsible for the missing laptops and phones.

Management Comments

Laptop

The Officer in charge of the Logistics did not do the official handing over when he was transferred to another department. However, the management has noted your comments and will ensure that the missing Laptops are identified.

Mobile Phones

*The mobile phones were issued to Senior Election Officers during the election proper of 2006, with the understanding that it will be returned when the officer's contract of employment expired. **Three (Nokia 6230, 6101 and 6030) out of the five mobiles have been identified and are with the officers at the Elections Office.** The other two are not missing from the Election Office; however the officers responsible did not return it. The management will ensure that these mobile phones are recovered from the officers as soon as possible.*

The Management has noted your comments and will ensure that the missing items are identified at the earliest. The office is in the process of conducting its Board of Survey to ensure that the Fixed Assets Register is up to date.

Further OAG Comments

The serial numbers of the three mobile phones identified by the Office did not agree with the serial numbers of those reported missing.

9.7 Financial Statements

Commencing 2006 financial year, each annual report must include financial statements which are prepared and signed in accordance with the Finance Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.⁴

⁴ Finance Instructions 2005 – 81 (2)

The draft financial statements must be submitted to the Auditor General by 31 March in the following year, or within such other time as agreed to with the Auditor General.⁵

The Office of the Supervisor of Elections submitted its Financial Statements for audit on 1/05/08 but they were not prepared in accordance with the Section 82 Schedule 1 of the Finance Instructions 2005. Audit could not substantiate the balances reflected in the Statements of Output Costs as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government.

The Statement of Losses and the Trust Account Statement of Receipts and Payments were not submitted for audit. As at 31/12/07, the Office had an overdrawn operating trust fund balance of \$507,284.

Recommendation

The Office should ensure that Finance Instructions 82 is strictly complied with in the preparation of the Financial Statements.

Management Comments

Management Comments not provided.

9.8 FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his/her employees, in every month during which such employee by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.⁶

A reconciliation of FNPF contributions against salaries and wages reported in the financial statements revealed that FNPF may have not been paid for salaries totalling \$92,465. The Office has not provided satisfactory explanations for the discrepancy. See Appendix 9.2 for details.

Recommendation

The Office should review its FNPF records and reconciliations and provide explanations for the discrepancy.

Management Comments

Management Comments not provided.

⁵ Finance Instructions 2005 – 81 (3)

⁶ Chapter 219 – Fiji National Provident Fund – Section 13 (1)

Appendix 9.1 – Statement of Output Costs for 2007

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	157,467	190,798
Unestablished Staff	16,301	14,988
Travel & Communication	86,904	21,445
Maintenance & Operations	50,860	32,301
Purchase of Goods & Services	21,740	17,606
Operating Grants & Transfers	120,831	25,323,877
Total Operating Costs	454,103	25,601,015
Value Added Tax	49,969	2,662,380
TOTAL EXPENDITURE	504,072	28,263,395

Appendix 9.2: FNPF Reconciliation

Details	\$	\$
(a) Total FNPF against salaries and wages for 2007		
FNPF as per financial statement		23,142
Add: FNPF for December 2007	1,682	
FNPF understated in FMIS	386	2068
		25,210
Less: FNPF for December 2007		10,727
		14,483
Gross pay subject to FNPF (14,483 divided by 0.08)		181,036
(b) Salaries and wages for 2007 subject to FNPF:		
Salaries, wages and allowances as per financial statement		273,501
Less: Salaries and wages not subject to FNPF		-
Salaries, wages and allowance subject to FNPF		273,501
Un-reconciled variance		(92,465)

Section 10 Judiciary

Programme Statement

The Judiciary Department is responsible for enhancing the quality of justice in the community by ensuring an effective and accessible Court System and as the cornerstone of Justice, the Court System will uphold the principles of equality, fairness and access while protecting the dignity and rights of all members of the community.

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FINANCIAL STATEMENT

10.1 Audit Opinion

The audit of the 2007 accounts of the Judicial Department resulted in the issue of a qualified audit report.

The qualifications include the following.

- a) The amounts reflected in the Statements of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to express an opinion on the accuracy of the expenditures incurred by the Department under each output.

- b) The financial statements were incomplete as a Statement of Losses and a Trust Account Statement of Receipts and Payments were not submitted for audit contrary to Finance Instructions 82. The Financial Management Information System shows that the Department as at 31/12/07 has trust funds totalling \$6,956,149 and an overdrawn operating trust fund of \$1,036,391.
- c) The payments of FNPF contributions and VAT could not be reconciled to the accounts.

10.2 Statement of Receipts and Expenditures

The Department incurred a total expenditure of \$11,574,189 in 2007 compared to \$12,970,607 in 2006.

Table 10.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue		
Court Fines	2,325,323	1,381,027
Fees Court	1,208,928	1,065,267
Others	11,045	0
Total State Revenue	3,545,296	2,446,294
Agency Revenue		
Miscellaneous	130,839	118,130
Revenue from Surveys	4,757	0
Total State Revenue	135,596	118,130
TOTAL REVENUE	3,680,892	2,564,424
EXPENDITURE		
Operating Costs		
Established Staff	8,836,373	9,409,876
Unestablished Staff	334,117	452,081
Travel & Communication	513,539	667,885
Maintenance & Operations	363,096	322,559
Purchase of Goods & Services	142,262	95,193
Operating Grants & Transfers	3,400	3,387
Special Expenditure	223,270	328,026
Total Operating Costs	10,416,057	11,279,007
Capital Expenditure		
Capital Construction	0	364,198
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	0	364,198
Value Added Tax	1,158,132	1,327,402
TOTAL EXPENDITURE	11,574,189	12,970,607

10.3 Statement of Output Costs

The Statement of Output Costs consolidates the 11 outputs prescribed in the Budget Estimates, contrary to the requirements of Finance Instructions. These are detailed in Appendix 10.1.

10.4 Appropriation Statement

The Department incurred expenditures totalling \$11,574,189 in 2007 against the budget of \$12,119,767 resulting in a savings of \$545,578 or 5%.

Details of expenditures against the budget estimates are provided in Table 10.1.

Table 10.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	8,504,425	400,000	8,904,425	8,836,373	0	68,052
2	Unestablished Staff	334,207		334,207	334,117	0	90
3	Travel & Communication	524,500	70,500	595,000	513,539	0	81,461
4	Maintenance & Operations	466,100	(50,500)	415,600	363,096	0	52,504
5	Purchase of Goods & Services	191,235		191,235	142,262	0	48,973
6	Operating Grants & Transfers	3,400		3,400	3,400	0	0
7	Special Expenditure	349,500	(20,000)	329,500	223,270	0	106,230
	Total Operating Costs	10,373,367	400,000	10,773,367	10,416,057	0	357,310
	Capital Expenditure						
8	Capital Construction	400,000	(400,000)	0	0	0	0
9	Capital Purchases	-	-	-	-	0	-
10	Capital Grants & Transfers	-	-	-	-	0	-
	Total Capital Expenditure	400,000	(400,000)	0	0	0	0
13	Value Added Tax	1,346,400		1,346,400	1,158,132	0	188,268
	TOTAL EXPENDITURE	12,119,767	0	12,119,767	11,574,189	0	545,578

The Ministry of Finance approved the transfer of funds totalling \$470,500 during the year.

AUDIT FINDINGS

10.5 Agency Financial Statements

Commencing 2006 financial year, each annual report must include financial statements which are prepared and signed in accordance with the Finance Instructions, audited by the Auditor General, and accompanied by an audit opinion prepared by the Auditor General.¹

¹ Finance Instructions 2005 – 81(2)

The Judicial Department Financial Statements were not prepared in accordance with Section 82 and Schedule 1 of the Finance Instructions 2005.

The following discrepancies were noted:

- a) The balances reflected in the Statements of Output Costs could not be substantiated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. The Statement of Output Costs were prepared according to the budget activities instead of the outputs prescribed in the 2007 Budget Estimates.
- b) The Department failed to prepare and submit as part of the its Financial Statement a Statement of Receipts and Payments for Trust Fund Accounts that it maintains which comprises of Sutors, Maintenance and Sundries. According to Appendix 23A of the Accounts and Finance, the closing balance of the account as at 31/12/07 amounted to \$6,956,749.²
- c) The Department failed to prepare and submit a Statement of Losses.

Recommendation

The Department should ensure that the requirements of the Finance Instructions 82 are strictly followed.

Management Comments

Thank you very much for the comments raised, this was first Agency Financial Statement prepared by the Department and will ensure that the requirements of the Finance Instruction 82 are strictly followed.

10.6 Arrears of Revenue

The Credit Officer must promptly follow up accounts that fall due. If recovery is unsuccessful after one month, the following actions shall be taken:

1. a Demand Notice for payment shall be sent to the debtor after his/her debt has been overdue for more than one month;
2. if the account still remains unpaid after the first Demand Notice was issued, a final notice shall be issued demanding payment within 14 days.³

The Department collects revenue from court fines, court fees, library fees and costs awarded to the State. The Magistrates Courts also deal with Traffic Infringement Notice cases handed over to the courts by the municipalities, Land Transport Authority (LTA) and Police Force.

Warrants are issued for non-payment of court fines or non-appearance to court hearings and the executions of warrants are undertaken by the Fiji Police Force. The arrears of revenue for the Department as at 31/12/07 totalled \$9,487,238.

The arrears of revenue have been increasing steadily over the years which indicate that the recovery procedures have not been effectively carried out by the relevant authorities. Refer to Table 10.3 for details:

² Appendix 23A – Ministry of Finance

³ Judicial Department Finance Manual 2005 Section 9.2.1

Table 10.3: Arrears of Revenue for 2007

Period	Court Fines (\$)	Court Fees (\$)	Cost to State (\$)	Vat (\$)
3 Months	16,992.00	2,439.00	100.00	4,029.00
6 Months	56,248.00	8,222.00	20.00	5,355.00
9 Months	35,718.00	6,003.00	1,780.00	5,452.00
1 Year & Over	632,088.00	102,030.00	23,990.00	17,531.00
2 – 5 Years	3,139,732.00	774,821.00	26,756.00	65,623.00
Over 5 Years	3,323,182.00	1,152,601.00	8,810.00	77,716.00
TOTAL	7,203,960.00	2,046,116.00	61,456.00	175,706.00

The Police Department, which is responsible for the enforcement of warrants, does not always have the resources to undertake this role resulting in substantial amount of arrears for the Department.

The Department is in the process of compiling a list of unexecuted warrants to write-off irrecoverable debts and has also made submissions to the Ministry of Finance for the provision of necessary resources to effectively carry out the recovery process.

Recommendations

- **The Department should regularly follow up with the Fiji Police Force on the status of warrants issued.**
- **A thorough review of the arrears should be undertaken and irrecoverable arrears should be considered for write-off.**
- **The Department should strongly adhere to standing procedures pertaining to collection of court fees and fines.**

Management Comments

The department has noted the concerns raised by Audit Team whereby the Arrears of Revenue is increasing year by year. But as mentioned earlier it is the Police Department who are responsible for the collection of debts and due to Non availability of resources they are to under take this task.

The Chief Registrar has written to Ministry of Finance on 28/03/08 (copy attached) advising them why the Arrears of Revenue for our Department has been increasing. Following this the Acting Senior Accounts Officers has written to all court officers on 09/04/08 (copy attached) requesting them to get all warrants over 5 years from the Police Prosecution Office so that recommendations can be made to Ministry of Finance for write-off of irrecoverable Arrears.

10.7 Maintenance of Trust Fund Accounts

Accounting heads may only open a trust bank account with the prior written authority of the Chief Accountant⁴. The receipt and payment of trust money should be recorded in a separate cashbook or set of ledger accounts.⁵ Each month the Trust accounts shall be balanced and reconciled with trust bank account. The names and balances of each account shall be listed and the reconciliation shall be signed.

The Department maintains 3 Trust Fund accounts namely Suitor's Trust, Maintenance Trust and Sundries Trust accounts. The records of Trust accounts from all the district registries are maintained at the Head Quarters for proper accountability.

⁴ Finance Instruction 69 (1)

⁵ Finance Instruction 69 (2)

Suitor's Trust Fund account comprises monies pending from Suva, Lautoka and Labasa High Court cases on FNPF, Public Trustee and substantial amounts of civil and criminal cases. As at 31/12/07, the Suitor's Trust Fund account had a balance of \$4,058,997.

Maintenance Trust Account comprises monies from maintenance payments by defendants to their spouses based on the judgements passed by the Family Law Court. The Maintenance Trust Account reconciliations have only been updated to July 1999.

Sundries Trust Fund account comprises monies from pending civil and criminal cases awaiting court judgements. The Sundries Trust Fund reconciliations have only been updated to November 1999.

The delay in updating the reconciliations of the trust fund accounts has been reported to Parliament on a number of occasions.

The substantial amount of funds entrusted to the Department warrant the regular and consistent preparation of monthly reconciliations as it is an internal control measure to ensure the accountability of funds. As reconciliations have not been regularly prepared and checked, the risk of fraud and misappropriation of funds is high.

Recommendations

- **Trust Fund reconciliations should be prepared on a monthly basis to ensure that funds held in trust are properly accounted for.**
- **Supervisory control in the Accounts Section should be improved to ensure that the provisions of the Finance Manual are complied with at all times.**
- **The allocation of resources to update the records and reconciliations of the various trust funds should be seriously considered by the Department and other relevant government agencies.**

Management Comments

Whilst we appreciate the concerns raised by the Audit Team in respect of Trust Fund Reconciliation which are very behind we would like to advise that this is beyond our control. The reconciliations have not been carried from years back. At one time we were trying to update the reconciliations where a separate office was set up with 3 staff full time engaged in this exercise but it was unfortunate the Trust Office was closed by Ministry of Labour as it was Non OHS compliance. From that time on No office space has been provided for us. Just last month the Chief Registrar has allocated one office for Trust Fund Section which at the moment needs to have all the cabling done before staff can move in. might be by end of May all maintenance work will be over and officers will begin with the Reconciliations and bring it up to date with whatever resources available as we do understand the importance of these reconciliations.

10.8 Magistrates Court Exhibits - Suva

It shall be lawful for any court in any proceedings to make orders for:⁶

1. the preservation or interim custody or detention of any property or thing produced in evidence or as to which questions may arise in the proceedings;
2. the sale, destruction or other disposal of any such property or thing as may be of a perishable nature or liable to deteriorate, or as may be dangerous;

⁶ Criminal Procedure Code – Section 164
Judicial Department

3. the restoration or awarding of possession of any such property or thing to the person appearing to the court to be entitled to possession thereof, without prejudice however to any civil proceedings which may be taken with respect thereto;
4. the payment by any person of the expense incurred in or about the preservation, custody, detention, sale, destruction or other disposal of any such property or thing, or the proceeds thereof;
5. the application of any such property or thing, or the proceeds thereof, in or towards satisfaction or payment of any such costs or compensation as may be ordered by the court to be paid by any person.

Court exhibits maintained in the Magistrate Court in Suva were not recorded in the Exhibit Register. In some cases, the serial numbers of cash taken into the custody of the Courts are not recorded. Refer to Appendix 10.2 for examples.

Physical verification of a sample of exhibit items also revealed that the following items were not recorded in the Exhibit Register:

Table 10.4: Exhibit items not recorded in the Exhibit Register

Case No.	Particulars
8819/01	5 Gas Cylinders
560/88	More than 50 cartons of Beer – old case
45/94	Cash Register

Most of the old cases have been completed but the Department failed to act on the orders of the Court either to return the items to the owners or to destroy them. The Exhibit Rewriter could not confirm whether the exhibits mentioned in the Tables above were recorded in the old Exhibit Register as the current register has records of exhibits from September 2001 only.

It is the responsibility of the Department to equip the Exhibit Writer with proper equipment and provide adequate and proper storage space for all court exhibits under the control of the Courts to ensure the integrity of evidences in court proceedings or other judicial proceedings.

The above discrepancies indicated the lack of internal control in safeguarding court exhibits which increases the risk of theft, misappropriation or manipulation of exhibits.

Recommendations

- Details of all exhibits relevant to cases that are still pending should be brought forward to the new Exhibit Register.
- All unrecorded exhibits should be taken on charge in an Exhibits Register as soon as practicable.
- It is recommended that all exhibits relating to investigations that have been completed and gone through the Courts be returned to the rightful owner or properly destroyed as directed by the Courts.
- Proper handing over should be conducted when changing Exhibit Writers.
- Regular inspection should be carried out to ensure that all exhibits under custody of the Courts are safeguarded from thefts and misappropriations.

Management Comments

All tendered exhibits should be checked, marked and entered in the register before it is stored in safe custody.

The exhibits marked “not entered in the register” are of old cases which were disposed before the current register came in to use in 21.09.01. the register prior to the current one is misplaced hence we are not able to verify the entries of 1311/99,8/80, 146/99, 523/00, 1412/01, 2605/98, 560/86 and 45/94 case numbers. Though we are still trying to locate the misplaced register, I have caused all the unrecorded matters be properly registered in the current exhibit book. This included entering the serial numbers of all the notes (cash) in each case.

Case numbers, 881/06, 2101/03, 594/06 and 8819/01 are already recorded but not sighted.

The officer in charge-criminal section and the exhibit clerk have been again reminded of the importance of properly checking, marking and registering incoming exhibits before it is put in safe custody. Consultant checks will be made to ensure that all necessary entries are properly stated.

The storage room is not occupational health and safety compliance. It has no ventilation and is a health hazard. I strongly recommended that air conditions be installed not only to safeguard the staff but also the different types of items stored there. I humbly urge you Sir, to seriously consider this and arrange for the necessary requirements to avoid any ill health or mishap to the staff member who frequently use the room.

As for the disposal of the expired exhibit, I will be liaising with the DPO Southern to sort out ways to clear out the old exhibits.

10.9 Operating Trust Fund Account

A variance of \$1,137,382 was noted in the Operating Trust account balances between the Department’s records and that of the FMIS. Refer to Table 10.5 for details.

Table 10.5: Operating Trust account variances

Allocation	Description	Department Records (\$)	FMIS (\$)	Variance (\$)
220199	VAT on Warrants/Documents	32	0	32
230399	Library Fees	(129)	0	(129)
899999	Miscellaneous Fund	0	165	(165)
861100	Revenue Account	0	(44)	44
861200	Insurance	0	(76)	76
861500	Unions & Associations	0	(653)	653
861900	PD Employees FNPF	(62,877)	(65,360)	2,483
864100	Courts Administrative- Others	(38,017)	1,102,359	(1,140,376)
TOTAL		(100,991)	1,036,391	(1,137,382)

According to Appendix 23B of the Accounts and Finance, the Department’s Operating Trust account was overdrawn by \$1,036,391 as a result of the mapping exercise for the implementation of the FMIS carried out by the Ministry of Finance at the beginning of year 2006.

Inconsistencies in reconciling the Trust account balances resulted in substantial amounts of variances noted between the records of the Department to that of the Ministry of Finance.

Recommendations

- **The Department should employ pro-active measures and liaise with the relevant officers of the Ministry of Finance to rectify the anomalies incurred during the mapping exercise.**
- **Reconciliations should be thoroughly checked by the supervising Officers to ensure accuracy of the financial data.**

Management Comments***Vat on Warrant/Documents Allocation – 220199 – 230399.***

There is no variance, the department balance is \$32.00 and FMIS report \$32.00, and \$129.00 department balance and \$129.00 FMIS report enclose, as for debit balance \$32.00 department is in the process to rectify as recommended.

Miscellaneous 899999

The above fund had a credit balance of \$30,733.61 at the end of year 2005, there were some adjustments made by the Ministry of Finance. Department is in the process to rectify as recommended.

Allocation 861100, 861200 and 861500 had a zero balance at the end of year 2006, the credit balance appeared in 2007, Department is in the process to rectify as recommended.

Allocation 861920, enclose a copy of FMIS print out which agrees with the figure \$62,877.00.

Court Administration others 964100 is not in use by the department. The figure shown in the audit report \$38,017.00 is for allocation 864199 and it reconciles.

Furthermore, we are in process to rectify all above allocations as recommended and Acting Senior Accounts Officer has been informed to check with Ministry of Finance.

10.10 Trust Fund Account

Where the agency becomes responsible for managing the Trust money, an application shall be made to the Chief Accountant, Ministry of Finance seeking approval to open a separate bank account and detailing the nature of trust and of any beneficiaries.⁷

Each year the Assistant Accounts officer (ledgers) shall prepare an annual trust receipts and payments statement within two weeks of the end of the year.⁸

According to Appendix 23A of the Accounts and Finance, the closing balance of the Trust Fund accounts as at 31/12/07 totalled \$6,956,748.

The following anomalies were noted:

- The Department maintains three Trust Fund accounts namely, Suitors, Maintenance and Sundries. Separate bank accounts are not maintained for the different Trust Fund accounts.
- Variances were noted in the closing balances of Trust reconciliations for a particular month to that of the opening balances of the subsequent month. Details are stipulated on Table 10.6:

Table 10.6: Variances in the Trust Fund reconciliations

Credit Closing Balance		Credit Opening Balance		Variance
	\$		\$	\$
February	6,655,068.31	March	6,681,198.57	26,130.26
August	5,665,309.87	September	5,738,658.36	73,348.49
September	6,565,289.47	October	6,491,234.81	74,054.66

⁷ Judicial Department Finance Manual. Section 15.1.1

⁸ Judicial Department Finance Manual. Section 15.4.5

Credit Closing Balance		Credit Opening Balance		Variance
\$		\$		\$
October	6,069,946.34	November	6,105,158.08	35,211.74

- A variance of \$15,989 was noted in the Trust Fund account balances between the Department's and FMIS records as stipulated in Table 10.7:

Table 10.7: Variance between the Department's records and FMIS

Allocation	Description	Department Records (\$)	FMIS (\$)	Variance (\$)
9-861601	PD Maintenance Suva	0	(15,969)	15,969
9-861699	Navua Court	0	(20)	20
TOTAL		0	(15,989)	15,989

Failure to comply with regulations in regards to Trust Fund accounts indicates ineffective financial management controls and increases the risk of mismanagement of trust funds.

Recommendations

- The Department should ensure compliance with government financial regulations regarding the maintenance of Trust Fund accounts.
- The Department should liaise with the Ministry of Finance and the Public Service Commission for sufficient resources to deal with the backlog of reconciliations.
- Reconciliations should be thoroughly checked by the supervising Officers to ensure accuracy of the financial data.

Management Comments

Department do agree for opening a separate bank account for Trust Fund, also if audit department could submit a proposal to Ministry of Finance. Department is not provided with Control Account for reconciliation purpose, reconciliation Clerk accumulates all the Trust Accounts into one and in due process two allocations were missed out. Details of variances have been reconciled as below:

February report closing balance

11110394011864101 – Maintenance Levuka	missed	}
11110394011864102 – Sundries Levuka	out.	

March report opening balance

11110394011864101 –	\$17,313.45
11110394011864102 –	\$ 8,816.81
Variance	\$26,130.26

❖ ***August and September variance***

August report closing balance

11110291011864103 – Suitors Suva	–	\$2,033,613.73
11110293011864103 – Suitors Labasa	–	\$ 60.00
		\$2,033,673.73

September report opening balance

11110291011864103	–	\$2,041,342.45
11110293011864103	–	\$ 65,679.77
		\$2,107,022.22
Variance –		\$73,348.49

❖ *September and October*

September report closing balance

\$6,565,289.47

October report opening balance

\$6,542,939.87

Variance – \$22,349.60 and not \$74,054.66 as stated in the Audit report.

September report closing balance

91110111050861605 – Maintenance Ba – \$93,167.42

October report opening balance

91110111050861605 – Ba Maintenance – \$70,817.82

Ba maintenance was overstated by \$22,349.60 in September Trust Fund Reconciliation Control Account.

❖ *October and November variance*

October report closing balance

\$6,105,158.08

November report opening balance

\$6,105,158.08

The October closing balance and November opening balance do tie. There is no variance as shown by the auditors in the audit report.

Allocation

9861601 P D Maintenance Suva

9861699 Navua Court

There is no difference between the figures of the department records and the FMIS record. Attached please find the FMIS Report.

The reconciliation of trust account relating to maintenance, court sundries and suitors fund account had a backlog of twelve (12) years under the manual system. In order to clear the backlog within reasonable time, the department decided to computerize the reconciliation process by purchasing an accounting package from a private company.

The idea was floated to the Permanent Secretary for Finance who recommended that the Department approach the Information Technology and computing Services (ITC) to undertake the project.

After several meetings between the Departmental officials and the Manager, Information Technology and Computing Services, the project started on 28/12/99. It took about four (4) months for two officers from Information Technology and Computing Services to write a software which would automate the reconciliation process. The system was finally tested and ready for implementation on 14/04/00. The department had to wait some four (4) months to enable Information Technology and Computing Services to set up the local area network and the production server before actual implementation of the software. On 31/08/00, the system was implemented and an information Technology and Computing Services. Personnel was re – deployed to key – in data captured from previous years manual reconciliation into the new system. With effect from 01/12/00, the automated system was used for data entry of receipts and payments and generation of reconciliation statements of trust accounts.

During the month of May, 2001 we encountered a major problem as the system could not produce reconciliation statements due to the large number of transactions entered. Information Technology and Computing Services was informed of the problems and the appointed officer had to carry out necessary changes in the interface. The changes were to be effected and the system was to be ready for implementation by 01/09/01, but due to some problems at Information Technology and Computing Services, there was a considerable delay in completing the changes to the interface.

The software finally was installed on 03/01/02, for test runs but it was discovered that the system had not been perfected and required further changes to accommodate production of reconciliation statements. It was at this stage that we were advised by the Information Technology and Computing Services personnel to just continue with data entry until he is able to rectify the problem. After many false promises, we were finally advised that the changes in the system should be ready for trial runs by the 16/12/02, but unfortunately this did not eventuate into reality. Upon enquiry, we were told the officer who was assigned this task had resigned and left the country.

A new officer was given the task who thoroughly studied the system and effected necessary changes. The new software was installed on 27.05.03. The new system has a different format to view reports and reconciliation schedule. After the changes, we found out that some problem still existed as a result of which all reports could not be retrieved.

Whilst we appreciate the concerns raised by the Audit Team in respect of Trust Fund Reconciliations which are very behind we would like to advise that this is beyond our control. At one time we were trying to update the reconciliations where a separate office was set up with 3 staff full time engaged in this exercise but it was unfortunate the Trust Fund Office was closed by Ministry of Labour as it was Non OHS compliance. From that time on No office space was provided for us. Just two months ago the Chief Registrar has allocated one office for Trust Fund Section which at the moment needs to have all the cabling done before staff can move in. Might be by end of September all maintenance work will be over and officers will begin with the Reconciliation job. We will try our best to prepare monthly reconciliations and bring it up to date with whatever resources available as we do understand the importance of these reconciliations.

10.11 Drawings Account

When cheques have become stale, payment of the outstanding cheques shall be stopped and the Department should issue a replacement cheque if the payee is located, otherwise, the department should make the necessary adjustments.⁹

The Drawings Account shall be operated from the Head Office of the Department or as approved by the Chief Accountant.¹⁰ The Assistant Accounts officer (Ledgers) shall prepare bank reconciliation within 5 days of the end of month.¹¹

The Drawings Account reconciliation for December contained unpresented cheques amounting to \$802,347 of which \$ 12,280 were stale cheques.

Recommendations

- **The Department should take necessary actions to regularize unpresented and stale cheques.**
- **The Department should adjust the variances noted in order to reconcile their records to that of Ministry of Finance.**

Management Comments

⁹ Finance Instruction 102

¹⁰ Finance Instruction 88(3)

¹¹ Judicial Department Finance Manual Section 7.4.7

These outstanding cheques are mainly for payment of compensation and maintenance. The claimants rarely come to town/court house and wherever they do so it is than that they enquire about the cheques and uplift the same.

Police assistance has been sought to inform the claimants especially those who have been awarded compensation by court during police patrol to rural and remote areas.

Another set back is that the bank charges a fee of ten dollars (\$10.00) to accept a “Stop Payment” notice for a single cheque. To avoid this costly affair we wait until the cheque have became stale and the same is sent to Accounts Section from various court registries throughout the country for journal adjustment to the credit of the relevant trust account. Reconciliation was done on the 5th day of the following month, please note no supplement JV’s were accepted by finance in year 2007 therefore, adjustments were done in 2008.

10.12 Vat Reconciliation

Subject to the provision of the Vat Decree 1991, the tax shall be charged in accordance with the provisions of this Decree at the rate of twelve and a half percent 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.¹²

A review of the VAT Returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$1,260,039 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer below for details:

Table 10.8: Details of un-reconciled VAT Variances

Details	\$	\$
Total income/expenditure as per Statement of Receipts and Expenditure		11,574,189
Less: Income/expenditure not subject to VAT		3,400
		11,570,789
Less: Total taxable supplies as per Vat Returns	9,520,044	
Vat not charged on December 2007 SEG 1 & 2 expenditures	790,706	
		10,310,750
Un-reconciled variance		1,260,039

The budgetary allocations for SEGs 1 & 2 for December 2007 were not taken into account in the VAT Return for December.

Recommendations

- The Department should review its VAT records and reconciliations and provide explanations for the variances.
- Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the GL.

¹² Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

Management Comments

The sum of \$10,310,750 is the total expenses subject to VAT whereas the sum of \$11,570,789 is inclusive of VAT (i.e. \$10,416,057 plus \$1,158,132 VAT). If VAT is calculated on, the sum of \$10,310,750, (i.e. \$10,310,750/9) then the un-reconciled variance will show as follows;

<i>Total Income/Expenditure as per Statement of Receipts & Expenditure</i>	<i>\$11,574,189</i>	
<i>Less: Income /Expenditure not subject to VAT</i>		<u><i>3,400</i></u>
		<i>11,570,789</i>
<i>Less: Total taxable supplies as per VAT Return</i>		<i>\$9,520,044</i>
<i>VAT not charged on Dec 2007 (Seg 1 & 2 exp.)</i>		<u><i>790,706</i></u>
		<i>10,310,750</i>
<i>Add; VAT (10,310,750/9)</i>	<u><i>1,145,639</i></u>	<u><i>11,456,389</i></u>
<i>Un-reconciled Variance</i>		<u><i>114,400</i></u>

Practically, we normally extract figures from the department's expenditure ledger instead of the GL figure when making VAT payment.

*Sometimes the ledger clerk adjusted the monthly expenditure figures **after** the amount were extracted for VAT payment. This may have caused the variance of \$114,400*

However, the A/AO (P) has been advised to extract figures from the GL whilst making VAT payment in future.

Further OAG Comments

The total taxable supplies of \$9,520,044 as per the VAT Returns were already inclusive of VAT as stated in the VAT Returns provided by the Department. Therefore, the un-reconciled variance is still \$1,260,039.

Appendix 10.1 Statement of Output Costs for 2007**General Administration**

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	900,990	1,076,586
Unestablished Staff	51,116	41,839
Travel & Communication	20,242	17,607
Maintenance & Operations	112,780	127,698
Purchase of Goods & Services	38,988	31,555
Operating Grants & Transfers	3,400	3,387
Special Expenditure	67,406	110,472
Total Operating Costs	1,194,922	1,409,144
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	0	118,810
Capital Grants & Transfers	-	-
Total Capital Expenditure	0	118,810
Value Added Tax	140,434	174,810
TOTAL EXPENDITURE	1,335,356	1,702,764

High Court

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	2,377,830	2,617,063
Unestablished Staff	84,134	67,507
Travel & Communication	122,304	94,802
Maintenance & Operations	48,226	42,360
Purchase of Goods & Services	79,927	60,465
Operating Grants & Transfers	-	-
Special Expenditures	0	19,311
Total Operating Costs	2,712,421	2,901,508
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	-	-
Value Added Tax	297,816	335,278
TOTAL EXPENDITURE	3,010,237	3,236,786

Magistrates Courts

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	3,853,207	4,011,949
Unestablished Staff	122,273	255,368
Travel & Communication	205,684	318,700
Maintenance & Operations	35,603	40,515
Purchase of Goods & Services	18,027	1,488
Operating Grants & Transfers	-	-
Special Expenditure	0	6,023
Total Operating Costs	4,234,794	4,634,043
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	-	-
Value Added Tax	485,465	490,404
TOTAL EXPENDITURE	4,720,259	5,124,447

Fiji Court of Appeal

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	382,141	401,515
Unestablished Staff	19,506	24,013
Travel & Communication	67,112	137,205
Maintenance & Operations	10,200	12,053
Purchase of Goods & Services	5,319	1,685
Operating Grants & Transfers	-	-
Special Expenditure	-	-
Total Operating Costs	484,278	576,471
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	-	-
Value Added Tax	47,586	67,132
TOTAL EXPENDITURE	531,864	643,603

Small Claims Tribunal

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	275,906	180,624
Unestablished Staff	18,089	19,772
Travel & Communication	19,255	18,331
Maintenance & Operations	15,761	14,947
Purchases of Goods & Services	-	-
Operating Grants & Transfers	-	-
Special Expenditure	155,864	164,720
Total Operating Costs	484,875	398,394
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	-	-
Value Added Tax	42,954	44,333
TOTAL EXPENDITURE	527,829	442,727

Supreme Court

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	-	-
Unestablished Staff	-	-
Travel & Communication	18,252	35,193
Maintenance & Operations	2,141	2,792
Purchase of Goods & Services	-	-
Operating Grants & Transfers	-	-
Special Expenditure	0	27,500
Total Operating Costs	20,393	65,485
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	-	-
Value Added Tax	1,865	6,066
TOTAL EXPENDITURE	22,258	71,551

Family Law Courts

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,046,299	1,122,138
Unestablished Staff	39,000	43,582
Travel & Communication	60,691	46,047
Maintenance & Operations	138,384	82,195
Purchase of Goods & Services	-	-
Operating Grants & Transfers	-	-
Special Expenditure	-	-
Total Operating Costs	1,284,374	1,293,962
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	0	245,387
Capital Grants & Transfers	-	-
Total Capital Expenditure	0	245,387
Value Added Tax	142,012	209,380
TOTAL EXPENDITURE	1,426,386	1,748,729

Appendix 10.2: Unrecorded court exhibits in the Magistrate Court - Suva

Date	Crime Register No.	Particulars	Remark
15/09/06	881/06	1* \$5.00 and 1* \$2.00 note	Serial Number not stated in the register.
	2101/03	1* \$20.00 and 1* \$50.00 fake note	Not entered in the register
01/03/07	67/06	6 * \$50.00 = \$300.00, 3 * \$20.00 = \$60.00, 3 * \$10.00 = \$30.00, 1 * \$1.00 = \$1.00, 3 * 50cent = \$1.50, 2 * 20cent = \$0.40, 4 * 10cent = \$0.40 & 5 * 5cent = 25cent. TOTAL CASH = \$393.55	Serial Number not stated in the register.
	594/06	1 black wallet, ANZ cheque: 1561487 = \$2,500, Baroda cheque: 161677 = \$200, 1* \$10.00 = \$10.00, 4*\$2 = \$8.00, 1* 50cent \$0.50, 2* 20cent = \$0.40, 5* 5cent = \$0.25, Driving License, Excess Card ANZ 69786 of Ellgan C., Colonial bank Easy card 127018 of Vishwa Mani, Dialling Card \$40.	Not entered into the register but found with the exhibits.
07/09/01	1311/99	1 pistol, 1(b) casing, 1 projectile	Not entered into the register.
		5* 50cent = \$2.50, 8*20cent = \$1.60, 31*10cent = \$3.10, 31* 5cent = \$1.55, 67*2cent = \$1.34, 57*1cent = \$0.57 and 10 gold bangles	Not entered into the register.
	8/80	Gold ring, 1 pair gold earring, 1 gold bangle, 1 pendant, 1 hair band, 1 bangle, 1 necklace,	1980s case. Item kept in the safe of the Acting Chief Registrar but not entered into the register.
	2026/97	6*\$1 = \$6.00, 21keys, 1*\$3 telephone card, 10*\$10 = \$100.00, 7*\$2.00 = \$14.00, 1*\$2Chinese, 1*\$1Chinese.	Item kept in the safe of the Acting Chief Registrar but not entered into the register.
	146/99	Government of Fiji Cheque: 001713 = \$45,381.17, 001685 = \$509.40, 001642 = \$139.30, 001608 = \$545.19, Habib Bank Cheque \$16.50, FA & Company cheque \$55.00, Westpac cheque : 909379 = \$22.00, 008804 = \$110.00, 289648 = \$33.00, Baroda cheque : 244283 = \$173.80, 018063 = \$48.40, ANZ = \$321.20, ANZ cheque : 22706 = \$55.00, ANZ = \$11.00 Peter Howard & Associates, G. P. Lala & Associates = \$11.00, Maharaj Chandra & Associate = \$11.00, Gates Barristers and Solicitors = \$17.60, Cromptons = \$1100.00, R. B.Patel & Co = \$178.20, Tuberi Chambers = \$33.00, Tuberi Chambers \$5.50, 1* 50cent, 1* 10cent, 1* 20cent, 10* \$20.00, 1* \$5.00, 6* \$2.00	Item kept in the safe of the Acting Chief Registrar but not entered into the register.
	523/00	\$120US currency, \$100 Canadian currency, \$20 Australian currency and \$20.00 NZ currency.	Item kept in the safe of the Acting Chief Registrar but not entered into the register.
	1412/01	4*\$1.00 and 1*\$2.00	Item kept in the safe of the Acting Chief Registrar but not entered into the register.
	2695/98	100* \$50.00 and 40* \$20.00. Total = \$5,800.00	Item kept in the safe of the Acting Chief Registrar but not entered into the register.

