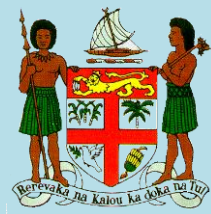




ACCOUNTABILITY IN THE PUBLIC SECTOR
THROUGH QUALITY AUDIT SERVICES

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

**VOLUME 3 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 3



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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 3

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 11 **Legislature Department**

Programme Statement

The Constitution vests the Parliament of the Republic of the Fiji Islands with the legislative power to enact laws. The Parliament consists of His Excellency the President, the House of Representatives and the Senate. The core business of the Legislature is the Administration of the Parliament of the Fiji Islands, its committees and all formal proceedings of the two Houses, in the effective coordination of the role of the Houses of Parliament culminating in the presentation of Bills to His Excellency the President for his assent. The functions of the Legislature Department are programmed as follows:

General Administration

- Provide briefings, procedural advice, administrative, research services and information to presiding officers and Members of Parliament.
- Strengthen and maintain relations at all levels with regional and international parliamentary organisations and associations and provide the necessary secretariat and hospitality services.
- Support services to the Government members.
- Coordinate Parliamentary ceremonial events and provide necessary protocol services.
- Organise induction and other procedural seminars for Members of Parliament.
- Strengthen human resources capacity.
- Promote public awareness and public relations with the community and the media on the process and proceedings of parliament.

House of Representatives

- Support services to the House of Representatives members.
- Allocate annual contributions to Parliamentary organisations and associations to which Fiji is affiliated.

Senate

- Provide support services to the Senators.

Opposition Office

- Provide support services to the Opposition members.

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FINANCIAL STATEMENT

11.1 Audit Opinion

The audit of the 2007 accounts of the Legislature Department resulted in the issue of a qualified audit report.

The qualifications are as follows:

- a) The financial statements were incomplete as the Statement of Losses and 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 operating trust funds totalling \$171,140.
- b) The Department has consolidated its expenditures into one Statement of Output Costs, whereas the Budget Estimates 2007 prescribes four outputs. 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 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.
- c) The payments of FNPF contributions and VAT could not be reconciled to the accounts.

11.2 Statement of Receipts and Expenditures

The Department incurred total expenditures of \$1,761,387 in 2007 compared to \$10,436,815 in 2006. Refer to Table 11.1 for details:

Table 11.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue	371	110,581
Agency Revenue	27,394	219
TOTAL REVENUE	27,765	110,800
EXPENDITURE		
Operating Costs		
Established Staff	902,956	5,551,157
Government Wage Earners	295,822	667,954
Travel & Communications	92,161	1,324,294
Maintenance & Operations	254,141	629,271
Purchase of Goods & Services	33,160	904,862
Operating Grants & Transfers	0	40,557
Special Expenditure	15,021	250,851
Total Operating Cost	1,593,261	9,368,946
Capital Expenditure		
Capital Purchase	0	7,168
Total Capital Expenditure	0	7,168
Value Added Tax	168,126	1,060,701
TOTAL EXPENDITURE	1,761,387	10,436,815

The reduction in expenditures for 2007 by \$8,675,428 or 492% resulted from the closure of Parliament and the redeployment of most staffs to other Ministries/Departments.

11.3 Statement of Output Costs

The Statement of Output Costs consolidates the 4 outputs prescribed in the Budget Estimates. These are detailed in Appendix 11.1.

11.4 Appropriation Statement

The Legislature Department incurred expenditures totalling \$1,761,387 in 2007 against the budget of \$1,485,128 resulting in an over-expenditure of \$276,259 or 19%.

Details of expenditures against the budget estimates are provided in Table 11.2.

Table 11.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	453,016	0	453,016	902,956	0	(449,940)
2	Unestablished Staff	328,871	0	328,871	295,822	0	33,049
3	Travel & Communication	52,000	0	52,000	92,161	0	(40,161)

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
4	Maintenance & Operations	236,500	0	236,500	254,141	0	(17,641)
5	Purchase of Goods & Services	40,000	0	40,000	33,160	0	6,840
6	Operating Grants & Transfers	234,641	0	234,641	15,021	0	219,620
	Total Operating Costs	1,345,028	0	1,345,028	1,593,261	0	(248,233)
13	Value Added Tax	140,100	0	140,100	168,126	0	(28,026)
	TOTAL EXPENDITURE	1,485,128	0	1,485,128	1,761,387	0	(276,259)

11.5 Statement of Losses

The Department did not report any losses of money or assets in 2007.

AUDIT FINDINGS

11.6 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 Legislature submitted its financial statements for audit on 15/04/08 and were not prepared in accordance with the requirements of Section 82 and Schedule 1 of the Finance Instructions 2005.

The following discrepancies were noted:

- The Department failed to prepare and submit with its financial statements a Statement of Losses and a Trust Fund Account Statement of Receipts and Payments.
- The Legislature has consolidated its expenditures into one Statement of Output Costs, whereas the Budget Estimates 2007 prescribes four outputs. 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 System (FMIS) of government.

Recommendation

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

¹ Finance Instructions 2005 – 81 (2)

² Finance Instructions 2005 – 81 (3)

Management Comments

Your recommendation is noted. This will be rectified in 2008 Agency Financial Statement. Ministry of Finance has not provided template format for Statement of Output Costs.

11.7 FNPF Reconciliation

Every employer shall pay to the Fiji National Provident 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.³

The current rate of contribution (effective 1st July, 1999) is 16cents 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 and punishable offence.⁴

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed that FNPF was not paid for salaries in the sum of \$749,514. Refer to Appendix 11.2 for details.

The above variance implied that the Department underpaid the FNPF contributions for its employees.

Recommendation

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

Management Comments

The recommendation is noted. All deductions made are being reconciled against the payments made to FNPF from January to December 2007 which would require some time. You would be advised of the outcome once this exercise is completed.

11.8 VAT Reconciliation

Subject to the provision of the Vat Decree 1991, the tax shall be charged in accordance with the provisions of the 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.⁵

A review of the VAT returns and supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$185,356 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Appendix 11.3 for details.

³ Chapter 219 – Fiji National Provident Fund – Section 13 (1)

⁴ www.fnpf.com.fj –official web site address Fiji National Provident Fund

⁵ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

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 general ledger.

Management Comments

The recommendation is noted. For clarification, the Department's VAT allocation was exhausted due to the \$60,380.55 payment made in January for December 2006. Furthermore, Output VAT payments for the months of June and July were delayed as there were insufficient funds to meet this payments. However, upon receipt of the two (2) Department Warrants 103/07 (\$28,197.47) and 106/07 (\$46,259.95) all charges for input and output VAT were made to IDC Treasury. The VAT portion of all purchases was charged to IDC Treasury and output VAT payments were also charged to IDC Treasury for the months of July; September; October; November and December 2007. It would therefore follow that there would be some variance in the General Ledger and actual payments made to FIRCA as the Department's GL Account and the IDC Treasury are different allocations.

11.9 Payment of Consolidated Allowance

Overtime shall be approved only in essential circumstances and on the specific approval of the Head of Department.⁶

A consolidated allowance was approved by the Public Service Commission to be paid, in lieu of overtime, to Editors and Hansard Reporters, when Parliament is in session.

Two Officers continued to receive consolidated allowances although Parliament was no longer in session since 5th December 2006. The total allowances received by both Officers as at 31st March 2008 amounted to \$11,585.97. Refer to Table 11.3 for details:

Table 11.3: Consolidated Allowance Paid

Name	EDP No.	Year	Calculation \$	Amount \$
Serei Naicavu (Hansard Officer)	48443	2006	Pay 26/06= \$196.74	6,492.42
		2007	Pays 01/07 - 26/07 \$196.74 * 26pays = \$ 5,115.24	
		2008	Pays 01/08 - 06/08 \$196.74 * 6pays = \$1,180.44	
Lusiana Bale (Assistant Editor)	19490	2006	Pay 26/06=\$154.35	5,093.55
		2007	Pays 01/07 - 26/07 \$154.35 * 26 pays = \$4,013.10	
		2008	Pays 01/08 - 06/08 \$154.35* 6 pays = \$926.10	

The Hansard Unit was working on pending documentation of parliamentary debates for the years 2005 and 2006 however no overtime work was approved by the Department for the Hansard staffs in 2007.

In addition, three officers who were transferred to the Administration Section in the Sector Standing Committee continued to receive consolidated allowances for a considerable period of time. Refer to Table 11.4 for details of allowances paid in 2007:

⁶ General Orders 467 (a)

Table 11.4: Consolidated Allowances

Name	EDP	Amount (\$) 01/01/07-31/12/07	Comments
Kalo Takape	47493	5,115.24	Officer is currently a Senior Admin Officer and was still receiving the consolidated allowance in 2007
Kelera Sagoa	46878	4,139.72	Officer became Senior Admin Officer with effect from 15/07/1999 was still receiving the consolidated allowance in 2007
Loraini Korovusere	Records not available		Officer has been deployed to the Ministry of Finance

The payment of consolidated allowances should cease when an officer is transferred out of the Hansard Section unless stated otherwise by the Public Service Commission.

Recommendation

- **The Department should ensure that consolidated allowances are only paid to Editors and Hansard Reporters, in lieu of overtime when parliament is in session.**

Management Comments

All consolidated allowance payments effective from Pay 10/2008 (15/05/2008) has been ceased. We have also written to Public Service Commission and are awaiting their ruling on the issue.

11.10 Overtime Claims

Overtime shall be approved only in essential circumstances and on the specific approval of the Head of Department.⁷

A Temporary Clerical Officer Nacanieli Goneyali and an Acting Assistant Accounts Officer Niko Nabitakele claimed excessive overtime for which no proper approvals and justifications were provided. Refer to Table 11.5 for details:

Table 11.5: Excessive Overtime Claim

Date	Chq No.	Amount \$	Remarks
Niko Nabitakele			
08/06/07	11914	982.28	<ul style="list-style-type: none"> • Overtime claim for October 2006. • Payment voucher missing.
11/06/07	11921	1,090.78	Overtime Claim. Payment voucher missing.
09/08/07	12155	1,678.77	<ul style="list-style-type: none"> • Overtime claim for December 2006. • Payment voucher missing.
Total		\$3,751.83	
Nacanieli Goneyali			
12/01/07	11192	956.20	<ul style="list-style-type: none"> • Overtime claim for December 2006. • No indication of payment being authorised and

⁷ General Orders 467 (a)

Date	Chq No.	Amount \$	Remarks
			approved.
02/03/07	11449	594.39	<ul style="list-style-type: none"> Overtime claim was for February 2007. Payment Voucher Missing
23/03/07	11564	455.95	<ul style="list-style-type: none"> Overtime claim was for March 2007. Payment Voucher Missing
20/04/07	241.50	241.50	No indication of payment being authorised and approved.
07/05/07	187.18	187.18	No indication of payment being authorised and approved.
11/05/07	11778	195.02	<ul style="list-style-type: none"> Overtime claim was for May. Payment voucher missing.
22/05/07	11824	82.76	<ul style="list-style-type: none"> Overtime claim for May. No indication of payment being authorised and approved.
14/06/07	11939	147.23	<ul style="list-style-type: none"> Overtime claim for October 2006. No indication of payment being authorised and approved.
Total		\$2,860.23	

The Department could not produce during the audit the approvals or justifications for the overtime.

The following anomalies were also noted:

- The relevant payment vouchers have been misplaced.
- Some claims were for working overtime in 2006.

Audit question the need to work overtime when the scope of operation of the Department was drastically reduced in 2007.

The payments of overtime were unauthorised as prior approvals for working overtime were not obtained. The missing payment vouchers to authenticate the accuracy and validity of the claims increases the risk of misappropriation of funds.

Recommendations

- **The Department should investigate and authenticate the validity of the overtime payments.**
- **The Department should ensure that no overtime works are carried out without prior approval from the Head of Department.**

Management's Comments

FMIS has stated that manual vouchers are not necessary, since the system vouchers will be created directly from the invoice received and attached to the Cash Requirement report for approval by supervisor before payment process is done. (Refer attachment 1 which is a copy of email). However, vouchers generated through the system could be accessed and we are awaiting copies of these cheques from Colonial National Bank to sight the signatories on them. Each copy of the cheque would cost us \$5.00.

On overtime claims by Niko Nabitakale- we have checked the attendance register maintained by Accounts Section. Officers working in the section were not signing out each afternoon. Overtime file maintained by Registry in Administration has also been misplaced so we are unable to check whether prior approval was sought for the overtime work.

We have obtained cheques copies of overtime claims by Nacanieli Goneyali. The signatories were Niko Nabitakale, Tajeshwar Datt and Amali Sauduadua. They would be in a better position to advice on the calculation of hours claimed by each officer even though the departure time was not stated on the attendance register.

11.11 Over-Expenditure

No officer may incur expenditure which results in the agency's appropriation being exceeded without the proper authorisation of the Ministry of Finance, pending approval by Parliament.⁸

An analysis of the Expenditure Statement for the year ended 2007 revealed that the Department had over spent its annual budget allocation by \$276,259 or 19%. Refer to Table 11.6 for details:

Table 11.6: Over-Expenditure by SEGs

SEG	Description	Revised Provision	Actual Expenditure	Variance Savings/(Over expenditure)	Variance Savings/(Over expenditure (%)
		\$	\$	\$	(%)
1	Established Staff	453,016	902,956	(449,940)	(99.3)
2	Unestablished Staff	328,871	295,822	33,049	10
3	Travel and Communication	52,000	92,161	(40,161)	(77.2)
4	Maintenance & Operation	236,500	254,141	(17,641)	(7.5)
5	Purchase of Goods & Services	40,000	33,160	6,840	17.1
7	Special Expenditure	234,641	15,021	219,620	94.6
13	Value Added Tax	140,100	168,126	(28,026)	(20.0)
	Total Expenditure	1,485,128	1,761,387	(276,259)	(18.6)

Numerous misallocations of expenditures were also noted. Refer to Table 11.7 for examples:

Table 11.7: Misallocations of Expenditures

Date	Journal	Particulars	Amount (\$)	Was Posted To (Wrong Allocation)	Correct Allocation
07/2007	AP 9508	Telephone Bill	2,559.53	Repair and Maintenance Vehicle – SEG 4	Communication (SEG 3)
06/2007	AP 8988	Bills for the month of June	12,346.91	Repair and Maintenance – Building – SEG 4	Communication (SEG 3)

The over-expenditures and misallocations reflect ineffective management and control of public funds.

Recommendations

- **Management should ensure that the Department spends only what is appropriated.**
- **Expenditures should be reviewed against the budget on a monthly basis and additional provisions should be sought for any foreseen over-expenditures.**

⁸ Finance Instructions 2005 Section 8

Management Comments

The Budget for 2007 was a "no Parliament Budget". However, full staff remained in the first quarter. Movement of staff began in April. Some officers who were transferred were brought back due to no vacancies in other Departments. Then, again in October, November and December, transferred officers returned.

Misallocations of Telecom and FEA payments were due to exhaustion of funds. Though there was no Parliament, we had other departments occupying space in our complex and utilizing these utilities. The main Telecom line is used for making calls and they have not contributed funds for usage of electricity as well.

Virement applications were not done earlier as only two Temporary Relieving Clerical Officers were maintaining Accounts Section until 02/09/2007 upon transfer of the Senior Accountant and Acting Accounts Officer on 20/06/2007 and 03/07/2007 respectively from the Department.

*Virement applications were done for the November and December payments. The first application was dispatched on 07/11/07, however it was misplaced. We sent another one on 16/11/2007 and kept following it up with Suliasi (desk officer in Budget). We were advised on 15/01/2008 that the applications have been rejected by his superiors. We were also advised then that no virement applications were accepted after the 31/12/2007 even though the **Finance Circular number 21/2007** stated the closing date of virement applications as **01/02/2008**. If virement applications had been approved, we could have adjusted some of the misallocations.*

We have noted the recommendations and will ensure that transactions are posted to the correct allocations and proper procedures are adhered when additional funds are needed to make payments. The Department will also ensure that we operate within the approved budget.

11.12 Purchases and Payment Records

All payments must be processed through payment vouchers prepared by the Voucher Clerk⁹. The Voucher Clerk preparing a payment voucher must ensure that all information required under Finance Instruction 19(1) has been included on the payment voucher or attached to it, before passing it to the Senior Accounts Officer for certification.¹⁰

Immediately after payment has been effected the clerical officer must stamp paid on all vouchers and supporting documentation to avoid any double payment.¹¹ All payment vouchers should be certified correct by a certifying officer before being processed for payment.¹²

Audit noted that the Department failed to process payments in accordance with section 19 of the Finance Instructions. The following anomalies were noted:

- relevant supporting documents such as LPO, invoices, competitive quotations were not attached to the payment vouchers nor were they produced for audit purpose when requested;
- payment vouchers and supporting documents for January to August were not stamped 'PAID'.
- some payment vouchers had been misplaced;
- payments were processed on photocopied invoices.

Refer to *Appendix 11.4* and *Appendix 11.5* for details.

In the absence of payment vouchers and supporting documents, it is difficult for audit to authenticate the accuracy, reliability and validity of payments. The failure to comply with the internal controls increases the risk of misappropriation of public funds.

⁹ Finance Manual 2005 Section 2.8.1

¹⁰ Finance Manual 2005 Section 2.8.2

¹¹ Finance Manual 2005 Section 2.8.7

¹² Finance Instructions 2005 19 (2)

Recommendations

- **The Department should ensure that the procedures in the Finance Instructions and the Finance Manual are strictly adhered to when processing payments of goods and services.**
- **The Ministry of Finance should conduct further investigations as there may have been a case of misappropriation of funds.**

Management Comments

Manual vouchers are not necessary since the system vouchers will be created directly from the invoice received and attached to the Cash Requirement report for approval by supervisor before payment process is done. However, we are maintaining all manual vouchers effective from 03/09/2007 and have ensured that procedures stated in the Financial Instructions and the Finance Manual is strictly adhered to when processing payments of goods and services.

Appendix 11.5: Missing Payment Vouchers

We have written to Colonial National Bank to obtain copies of all cheques identified in the missing vouchers.

11.13 Exorbitant Telecommunication Expenditures

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 wastage of funds and over expenditures do not occur.¹³

In 2007, the Department was appropriated \$40,000 for telecommunications. The Department incurred a total of \$158,405 in telecommunication expenses resulting in an over-expenditure of \$118,405 or 296%. Refer to Table 11.8 for monthly breakdown of telecommunication expenses:

Table 11.8: Monthly Telephone Expenses

Months	Amount \$
January	50,213.97
February	23,691.92
March	3,493.10
April	-
May	-
June	30,464.28
July	11,602.09
August	12,802.60
September	7,618.29
October	5,313.28
November	6,171.13
December	7,034.59
Total	158,405.25

The following anomalies, which could be contributing factor to the high telecommunication expenditures, were noted:

¹³ Finance Manual 2005 Part 2

- telephone bills were not thoroughly vetted to ascertain their accuracy and to determine unofficial calls;
- there were no evidences of officers reimbursing charges for personal calls;
- high number of calls were made to mobile phones;
- there were a number of international calls.

The former Secretary General's also incurred mobile phone bills amounting to \$2,404.57 for January 2007 against her annual entitlement of \$1,200. Of the total charges for January, international calls amounted to \$1,707.

Audit question the high telecommunication expenses incurred by the Department in light of its reduced operations in 2007.

Failure to implement stringent controls with regards to telephone usage could result in misuse and abuse of public funds.

Recommendations

- **The Department should scrutinise all telephone bills in 2007 and charges for unofficial calls should be refunded by the relevant officers.**
- **The Department should introduce stringent policies to control its telecommunication expenses.**

Management Comments

Though we had reduced operation in 2007, the Telecom expenditure remained high as we had other Departments namely Investigation into the Fijian Institution Team, National Council of Building a Better Fiji, Great Council of Chiefs Review Team and Technical Assistance and Support Secretariat staff occupying office space in our complex and utilizing our main line without making payments for the facility.

It should be noted that \$50,213.97 paid in January 2007 was for period 30/11/2006 to 30/12/2007 due in January 2007. The total payment done in 2006 for Telecom was \$225, 270.49. Payments made in 2007 had reduced by 30% and if \$50,213.97(December 2006 bill) was deducted, our expenditure on Telecom would be just 39% of 2006 expenses.

11.14 Outstanding Accountable Advance

Officers may be given accountable advance with the prior approval of the Chief Accountant for the purpose of covering expenses whilst travelling on duty. Within seven days of completion of the duty for which advance were issued, the Officer shall submit a statement of expenses to the Chief Accounting Officer so that the advance may be cleared.¹⁴ If the advances have not been cleared within seven days, the outstanding amount together with interest should be recovered from the Officer's salary.¹⁵

Several accountable advances that have been outstanding for a period of time and have yet to be cleared. Refer to Table 11.9 for examples:

¹⁴ Finance Instruction 51 (3)

¹⁵ Finance Circular 22/85

Table 11.9: Outstanding Accountable Advance

Name	EDP	Amount Outstanding \$
S.Wainiu	49867	768.40
Serei Naicavu	48443	1,250.00
		330.00
		602.50
		445.00
Marilyn Korovusu	63796	32.00
Kelera Sagoa	46878	161.31
Asena Nasegai	48583	20.00
Kalo Takape	47493	515.00
Former Secretary General		1,259.11
Total		\$5,383.32

The relevant officers explained that they have retired the accountable advances, but there were no documentary evidence available to authenticate that the advances had been cleared.

The non- clearance of accountable advances is an issue that has been raised continually over the years.

Recommendations

- **The Department should ensure that accountable advances are cleared within seven days.**
- **The Department should recover outstanding advances from the relevant officers' salaries.**

Management Comment

The officers who have outstanding accountable advances in their names have stated that they have cleared them with former Acting Accounts Officer, Tajeshwar Datt. We have a number of correspondences relating these advances but Tajeshwar Datt has failed to provide any explanations.

Appendix 11.1: Statement of Output Costs

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	902,956	5,551,157
Unestablished Staff	295,822	667,954
Travel & Communication	92,161	1,324,294
Maintenance & Operations	254,141	629,271
Purchase of Goods & Services	33,160	904,862
Special Expenditures	0	40,557
Operating Grants & Transfers	15,021	250,851
Total Operating Costs	1,593,261	9,368,946
Capital Expenditure		
Capital Purchases	0	7,168
Total Capital Expenditure	0	7,168
Value Added Tax	168,126	1,060,701
TOTAL EXPENDITURE	1,761,387	10,436,815

Appendix 11.2: FNPF Reconciliation

Description		\$
(a) Total FNPF against salaries and wages for 2007		
FNPF as per financial statement		168,938
Less: FNPF for December 2006		146,512
		22,426
Add: FNPF for December 2007		-
		22,426
Gross pay subject to FNPF (\$22,426 divided by 0.08)		280,325
(b) Salaries and wages for 2007 subject to FNPF:		
Salaries, wages and allowances as per financial Statement		1,029,839
Less: Salaries, wages and allowances not subject to FNPF		-
Salaries, Wages & Allowances for 2007 Subject to FNPF		1,029,839
Variance		\$749,514

Appendix 11.3: VAT Reconciliation

Description	\$
Total income/expenditure as per Statement of Receipts and Expenditure	1,761,387
Less: Expenditure not subject to VAT	-
	1,761,387
Less: Total taxable supplies as per VAT Returns	1,576,031
Un-reconciled variance	185,356

A variance was also noted between the actual VAT payments for 2007 and the balances disclosed in the general ledger (FMIS) as follow:

Description	\$
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	168,126
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2007	175,115
Un-reconciled variance	(6,989)

Appendix 11.4: Anomalies in Payments

Date	Chq Number	Payee	Anomaly	Amount \$
02/01/07	11125	Dans Service Station	• No LPO and invoice sighted	300.00
08/01/07	11157	Dans Service Station	• No LPO and invoice sighted	90.80
09/01/07	11162	VT Solution	• No payment voucher, LPO sighted and competitive Quotation sighted	1,125.00
11/01/07	11180	Bondwell Computers	Payment voucher and supporting documents not sighted.	237.04
11/01/07	11182	Rons General Repairs	Payment voucher and supporting documents not sighted.	389.50
11/01/07	11181	Dans Service Station	Payment voucher and supporting documents not sighted.	146.50
16/01/07	11208	Rons General Repair	Payment voucher and supporting documents not sighted.	320.75
02/02/07	11319	Vinod Patel	Payment voucher and supporting documents not sighted.	776.79
19/02/07	11383	Telecom Fiji	• No bills/invoice sighted • Incomplete payment voucher.	18,474.26
21/02/07	11393	FEA	• No bills/invoice sighted • Incomplete payment voucher.	9,153.05
02/03/07	11440	Isoa Kakili	Payment voucher and supporting documents not sighted.	678.57
06/03/07	11453	Matereti Sarasau	• Incomplete payment voucher. • No supporting documents sighted	2,321.30
07/03/07	11471	Mass Stationery	• Manual Payment voucher was not prepared. • LPO was issued only for \$405 • Outstanding account payment \$1,005.	1,410.00
07/03/07	11472	Principal Engineer	Manual Payment voucher was not prepared	370.81
14/03/07	11489	Mass Stationery	Incomplete payment voucher	669.96
15/03/07	11506	Kaks Marketing	Payment voucher and supporting documents not sighted.	1,203.75
15/03/07	11509	Poly Products	Payment voucher and supporting documents not sighted.	900.00
15/03/07	11514	Mechanical Services	Manual Payment voucher was not prepared	2,050.00
15/03/07	11516	Initial	Payment voucher and supporting documents not sighted.	4,301.28
22/03/07	11553	Malani Laufitu	Payment voucher and supporting documents not sighted.	2,497.33
05/04/07	11613	Marketing Office Stationery	Manual Payment voucher was not prepared	390.08
05/04/07	11619	Vinod Patel	• Payment voucher and supporting documents not sighted. • Photocopies invoice used for payments.	1,060.26
05/04/07	11621	Kuar Singh	Manual Payment voucher was not prepared	229.11
25/04/07	11704	Rons General Repair	Payment voucher and supporting documents not sighted.	272.31
01/05/07	11717	Pest Kill	Payment voucher and supporting documents not sighted.	225.00
01/05/07	11719	Dick Smith	Manual Payment voucher was not prepared	587.82
02/05/07	11725	Kaks Marketing	Manual Payment voucher was not prepared	1,070.33
02/05/07	11727	Nivis Motor	• Payment voucher and supporting documents not sighted. • Photocopies invoice used for payments.	290.00

Date	Chq Number	Payee	Anomaly	Amount \$
09/06/07	11771	Kaks Marketing	Manual Payment voucher was not prepared	960.00
24/05/07	11842	Avi Natural Choice	Payment voucher and supporting documents not sighted.	506.25
08/06/07	11913	Avi Natural Choice	Manual Payment voucher was not prepared	961.88
05/07/07	12030	Rons General Repairs	<ul style="list-style-type: none"> • Payment voucher and supporting documents not sighted. • Photocopies invoice used for payments. 	180.00
04/09/07	12237	Professional Stationery	<ul style="list-style-type: none"> • Payment voucher and supporting documents not sighted. • Photocopies invoice used for payments. 	145.00
04/09/07	12238	Remington	Payment voucher and supporting documents not sighted.	398.00

Appendix 11.5: Examples of Missing Payment Vouchers

Date	Chq Number	Payee	Amount \$
02/02/07	11322	Lusi Bale	612.67
02/02/07	11323	Maraia Vola	459.21
02/02/07	11324	Sera Tauvoli	149.87
02/02/07	11343	Secretary General	2,586.81
02/03/07	11449	Nacanieli Goneyali	594.39
08/03/07	11474	Secretary General	993.09
08/03/07	11475	Maikeli Nalatu	159.86
09/03/07	11476	Sefanaia Semira	32.80
09/03/07	11477	Manasa Nukuvou	138.78
09/03/07	11478	Nacanieli Goneyali	604.38
12/03/07	11485	Kemueli Qio	55.72
16/03/07	11518	Manasa Nukuvou	137.96
16/03/07	11520	Maikeli Nalatu	226.44
16/03/07	11521	Ilaisa Naviau	57.94
16/03/07	11522	Jeus Landscape	1,350.00
22/03/07	11554	Telecom Fiji	3,493.10
23/03/07	11555	FEA	3,779.67
23/03/07	11556	Maikeli Nalatu	226.48
23/03/07	11557	Sefanaia	92.52
23/03/07	11558	Manasa Nukuvou	143.68
23/03/07	11559	Jeus Landscape	980.00
23/03/07	11564	Nacanieli Goneyali	455.95
29/03/07	11584	LincolnRefridgeration	281.25
30/03/07	11589	Maikeli Nalatu	226.48
30/03/07	11592	Secretary General	550.16
12/04/07	11624	Narendra Padrath	4,057.16
12/04/07	11629	Ratu Kinijoji Ramasi	4,000.00
24/04/07	11688	Secretary General	723.31
26/04/07	11706	Atunaisa Bulivou	206.52
27/04/07	11710	Secretary General	594.84
30/04/07	11714	Principal Engineer	603.63
09/05/07	11770	Joe Hughes	581.36
11/05/07	11778	Nacanieli Goneyali	195.02
17/05/07	11812	Manasa Nukuvou	113.79
23/05/07	11841	Asesela Sadole	3,246.93
25/05/07	11848	Secretary General	450.00
31/05/07	11873	Atunaisa Bulivou	243.14
31/05/07	11877	FEA	4,169.47
06/06/07	11911	Jain Kumar	3,877.92
08/06/07	11914	Niko Nabitakele	982.28
11/06/07	11921	Niko Nabitakele	1,090.78
15/06/07	11943	Secretary General	500.00
22/06/07	11967	Narendra Padarath	4,057.16
22/06/07	11970	Secretary General	250.00
28/06/07	11998	FEA	4,181.52
02/07/07	12077	Mesale Rokotabuivalu	597.27
06/07/07	12036	Maikeli Nalatu	236.15
13/07/07	12060	Amjad Ali	3,633.91
19/07/07	12085	Narendra Padarath	4,721.83
26/07/07	12090	Ratu Kinijoji Ramasi	4,345.31
31/07/07	12108	Sera Tawai	1,637.90

Date	Chq Number	Payee	Amount \$
09/08/07	12155	Niko Nabitakele	1,678.77
09/08/07	12156	Vani Randelanimati	433.54
20/08/07	12184	Ratu Kinijoji Ramasi	3,239.02

Section 12 Office of the Ombudsman

Programme Statement

The Ombudsman is primarily a guardian for the general public in their relations with the Civil Service, statutory bodies and local governments. His/her duty is to receive complaints against the above bodies where administrative malfeasance is alleged and to investigate them. But he/she can also protect authorities against unwarranted criticism.

The Ombudsman's Office is designed to obtain remedies in a cheap, informal and expeditious manner and to see that powers are not exceeded or abused. The Ombudsman is entitled to recommend improvements in practice, procedure or law.

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FINANCIAL STATEMENT

12.1 Audit Opinion

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

The Office had consolidated its expenditures into one Statement of Output Costs, whereas the Budget Estimates 2007 prescribes five 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 express an opinion on the accuracy of the expenditures incurred by the Office under each output.

12.2 Statement of Receipts and Expenditures

The Office incurred a total expenditure of \$1,386,669 in 2007 compared to \$1,454,244 in 2006. Refer to Table 12.1 for details.

Table 12.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
Agency Revenue	0	863
TOTAL REVENUE	0	863
EXPENDITURES		
Operating		
Established Staff	333,362	377,432
Unestablished Staff	20,407	34,750
Travel & Communication	8,659	12,315
Maintenance & Operations	28,805	23,607
Purchase of Goods & Services	25,039	337
Operating Grants & Transfers	912,703	958,422
Special Expenditures	-	-
Total Operating Expenditures	1,328,975	1,406,863
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	-	-
Value Added Tax	57,694	47,381
TOTAL EXPENDITURES	1,386,669	1,454,244

12.3 Statement of Output Costs

The Statement of Output Costs consolidates the 5 outputs prescribed in the Budget Estimates, contrary to Finance Instructions 81. These are detailed in Appendix 12.1.

12.4 Appropriation Statement

The Office incurred expenditures totalling \$1,386,669 in 2007 against the budget of \$1,421,572 resulting in a savings of \$34,903 or 2%.

Details of expenditures against the budget estimates are provided in Table 12.2.

Table 12.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	334,187		334,187	333,362	0	825
2	Unestablished Staff	40,967		40,967	20,407	0	20,560
3	Travel & Communication	14,500	(4,000)	10,500	8,659	0	1,841
4	Maintenance & Operations	32,300	4,000	36,300	28,805	0	7,495
5	Purchase of Goods & Services	28,793		28,793	25,039	0	3,754
6	Operating Grants & Transfers	914,524		914,524	912,703	0	1,821
7	Special Expenditures	-		-	-	0	-
	Total Operating Costs	1,365,271	0	1,365,271	1,328,975	0	36,296
	Capital Expenditure						
8	Capital Construction	-		-	-	0	-
9	Capital Purchases	-		-	-	0	-
10	Capital Grants and Transfers	-		-	-	0	-
	Total Capital Expenditure	-		-	-	0	-
13	Value Added Tax	56,301		56,301	57,694	0	(1,393)
	TOTAL EXPENDITURE	1,421,572	0	1,421,572	1,386,669	0	34,903

The Ministry of Finance approved a transfer of \$4,000 from *SEG 3 Travel and Communication* to *SEG 4 Maintenance & Operations* during the year because of foreseen over expenditures. However, this was not necessary as the original budget was sufficient to cover all SEG 4 expenditures.

12.5 Statement of Losses

Office equipment valued at \$4,616 was stolen from the Office on 25/06/07. Copies of Loss Reports have been submitted to the Public Service Commission and Ministry of Finance. Police investigation is in progress. Refer Table 12.3 for details.

The details of the stolen office equipment are as follows:

Table 12.3: Statement of Losses for 2007

Item	Quantity	Value \$
HP Coloured Printer (LaserJet 2550L)	1	1,214
HP Scanner (ScanJet 4070)	1	264
Digital Camera (Cyber – shot)	1	999
Laser Jet Printer	1	2,139
Total Value		4,616

AUDIT FINDINGS

12.6 Motor Vehicle Entitlement

The Public Service Commission has approved that Chief Executive Officers be entitled to the use of designated official government vehicles for limited private use, to commute daily from home to work in the morning and from work to home in the afternoon and that such travel to be within ten (10) kilometres boundary limit.¹

The acting Ombudsman utilised the official vehicle to commute daily to and from his residence to work with the mileage exceeding the 10 kilometres boundary limit. Refer to Table 12.4 for examples:

Table 12.4: GM991 – Mileage Exceeding 10km

Month	Trip Mileage (km)	Amount (\$) (45 cents per km)
January	794	357.30
February	731	328.95
March	757	340.65
April	703	316.35
May	472	212.40
June	493	221.85
July	500	225.00
August	273	122.85
Total	4,723	2,125.35

Also, the Office has yet to recover the cost of mileage amounting to \$1,530 incurred by the acting Ombudsman (Principal Investigation Officer) for using the official vehicle for commuting to and from his residence to work.

The above indicate abuse of official vehicle, and this could result in increased operating expenses if not effectively controlled.

Recommendations

The cost of mileage utilised for transporting the acting Ombudsman to and from his residence to work should be immediately recovered through direct salary deductions.

Management Comments

The Ombudsman's use of official care is covered by the contract with the Constitutional Offices Commission and not under Chief Executive Officers' contract.

12.7 VAT Reconciliation

Subject to the provision of the Vat Decree 1991, the tax shall be charged in accordance with the provisions of the Decree at the rate of twelve and a half percent on the supply (but not including an

¹ PSC Letter- Chief Executive Officers Entitlement to Limited Private use of Official Vehicle- Reference : C29/450/25 (11)- 1 &2

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.²

A review of VAT Returns, supporting documents and VAT reconciliations revealed an un-reconciled balance of \$18,119 between the taxable supplies in the VAT Returns and the total income/expenditures in the Statement of Receipts and Expenditure. Refer to Appendix 12.2 for details.

The Office did not provide any explanations for the variance during the audit.

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 ledger.**

Management Comments

Supervisory checks on the preparation of VAT Returns will be done to ensure that the balances reflected reconcile with the GL. We will also reconcile our records with the GL before processing VAT payments. As of this year we will prepare our monthly vat reconciliations so our total expenditure matches with our VAT Returns.

12.8 Preparation of Monthly Reconciliations

When invoices or claims for payment are received, the Assistant Accounts Officer shall record details in an accounts payable ledger. The accounts payable ledger shall record claims for payment except for procurement invoices.³

Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Assistant Accounts Officer shall reconcile the ledger balances to the general reports and prepare a ledger reconciliation statement. Any errors or misallocation must be immediately adjusted by way of journal vouchers.⁴

The Office of the Ombudsman failed to maintain records of its Operating Trust Fund and Revolving Fund accounts consequently the reconciliations were not prepared. Previously, records were maintained by the Office of the Prime Minister, however, when the new financial management information system came into effect on 1/08/05, the Office is required to maintain its own records and carry out monthly reconciliations.

As a result, audit could not substantiate the accuracy of the balance of Operating Trust Fund and Revolving Fund reflected in Appendices 19 and 23B of the Accounts and Finance.

The issue has been continuously highlighted in the audit report of the Office over the years.

Recommendations

- **The Office should maintain its own Operating Trust Fund and Revolving Fund records and prepare monthly reconciliations.**

² Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

³ Office of the Ombudsman's Finance Manual 13.1.1

⁴ Office of the Ombudsman's Finance Manual 16.3.7 – 16.3.8

- **Disciplinary action is recommended for the Assistant Accounts Office for failing to comply with the requirements of the Finance Instructions.**

Management Comments

“At the beginning of this year the Assistant Accounts Officer spoke with Iminoni FMIS (Ministry of Finance) regarding our trust fund reconciliation. He was advised that we have not done our reconciliations for last year since we have only four accounts with not much balance and if we could start submitting our reconciliation this year. This he agreed to and we have submitted our reconciliations for this year till the month of May.”

Appendix 12.1: Statement of Output Costs

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	333,362	377,432
Unestablished Staff	20,407	34,750
Travel & Communication	8,659	12,315
Maintenance & Operations	28,805	23,607
Purchase of Goods & Services	25,039	337
Operating Grants & Transfers	912,703	958,422
Special Expenditures	-	-
Total Operating Costs	1,328,975	1,406,863
Capital Costs		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Costs	-	-
Value Added Tax	57,694	47,381
TOTAL EXPENDITURE	1,386,669	1,454,244

Appendix 12.2: VAT Reconciliation

Description	\$
Total expenditure/income as per Expenditure Statement	1,386,669
Less: Expenditure not subject to VAT – Operating Grant	912,703
Total expenditure/income subject to VAT	473,966
Less: Total taxable supplies as per VAT Returns	455,847
Un-reconciled variance	18,119

Section 13 Office of the Director of Public Prosecution

Programme Statement

The Office of the Director of Public Prosecutions is responsible for prosecuting appeals before the Fiji Court of Appeal and the Supreme Court. In addition, all High Court trials are prosecuted by State Counsels who also handle appeals to the High Courts at Suva, Lautoka and Labasa.

Cases of special difficulty or of public interest in the Magistrates Court are handled by the Director of Public Prosecutions Office. Other significant works of the department includes the determination of complaints against police and prison officers, the provision of written advice to the Commissioner of Police, the Director C.I.D and to other government departments and statutory organisations.

The Director also considers written representations concerning criminal cases from aggrieved persons, defendants or from their counsels.

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FINANCIAL STATEMENT

13.1 Audit Opinion

The audit of the 2007 accounts of the Office of Director of Public Prosecution resulted in the issue of a qualified audit report.

The accounts were qualified as the amounts reflected in the Statements of Output Costs have been estimated since 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.

13.2 Statement of Receipts and Expenditures

The Office incurred a total expenditure of \$3,721,728 in 2007 compared to \$3,288,097 in 2006.

Table 13.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
EXPENDITURE		
Operating		
Established Staff	2,456,368	2,247,646
Unestablished Staff	49,967	43,506
Travel & Communication	188,021	176,615
Maintenance & Operations	154,694	159,306
Purchase of Goods & Services	257,189	153,576
Operating Grants & Transfers	-	-
Special Expenditure	87,355	138,482
Total Operating Expenditure	3,193,594	2,919,131
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	94,852	0
Capital Grants & Transfers	-	-
Total Capital Expenditure	94,852	0
Value Added Tax	433,282	368,966
TOTAL EXPENDITURES	3,721,728	3,288,097

13.3 Statement of Output Costs

The Office of the Director of Public Prosecution has 2 outputs, as prescribed in the Budget Estimates 2007. These are detailed in Appendix 13.1.

13.4 Appropriation Statement

The Office of the Director of Public Prosecution incurred expenditures totalling \$3,721,728 in 2007 against the budget of \$3,896,565 resulting in a savings of \$174,837 or 4%.

Details of expenditures against the budget estimates are provided in Table 13.2.

Table 13.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	2,433,234		2,433,234	2,456,368	0	(23,134)
2	Unestablished Staff	51,996		51,996	49,967	0	2,029
3	Travel & Communication	201,000		201,000	188,021	0	12,979
4	Maintenance & Operations	180,000	10,463	190,463	154,694	0	35,769
5	Purchase of Goods & Services	307,716	(14,863)	292,853	257,189	0	35,664
6	Operating Grants & Transfers	0		0	0	0	0

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
7	Special Expenditure	150,000		150,000	87,355	0	62,645
	Total Operating Costs	3,323,946	(4,400)	3,319,546	3,193,594	0	125,952
	Capital Expenditure						
8	Capital Construction	0		0	0	0	0
9	Purchases	139,667	4,400	144,067	94,852	0	49,215
10	Capital Grants & Transfers	0		0	0	0	0
	Total Capital Expenditure	139,667	4,400	144,067	94,852	0	49,215
13	Value Added Tax	432,952		432,952	433,282	0	(330)
	TOTAL EXPENDITURE	3,896,565	0	3,896,565	3,721,728	0	174,837

The Ministry of Finance approved the following transfer of funds during the year:

- a) \$10,463 from *SEG 5 Purchases of Goods & Services* to *SEG 4 Maintenance & Operations*.
- b) \$4,400 from *SEG 5 Purchases of Goods & Services* to *SEG 9 Capital Purchases*.

However, the transfers were not necessary as the original budgets under the two allocations were sufficient to cover all expenditures.

13.5 Statement of Losses

The Office did not record any loss of fixed assets or money during the year. Stocktake of assets was carried out in August 2007 for all stations of the Office of the Director of Public Prosecutions. The Office has yet to receive any response from the Ministry of Finance for request of write-offs of unserviceable assets.

13.6 Trust Account Statement of Receipts and Payments

The Office of the Director of Public Prosecution on 17/04/07, receipted \$1,041 from the sale of exhibits of a vessel (forfeited assets) where government is a beneficiary. The case is pending in Court.

The details of the forfeited assets are as follows:

Table 13.3: Statement of Receipts and Payments – Forfeited Assets

Description	2007 \$
Receipts	
Forfeited Assets	1,041
Total Receipts	1,041
Payments	-
Closing Balance	1,041

AUDIT FINDINGS

13.7 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 Director of Public Prosecutions submitted its Financial Statements for audit on 31/03/08. 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 above issues will be used as basis of qualifications of the financial statements.

Recommendations

- **The Office should ensure that the requirements of the Finance Instructions 82 are strictly followed in the preparation of the Financial Statements.**
- **Virement of funds from one SEG to another should only be made when there is a shortfall which could not be catered from the approved budget for that particular SEG.**

Management Comments

- *Expenditure incurred as at December 2007 for each allocation was inserted in the template designed by Ministry of Finance – Budget Division and this reflects the Output Costs 1 and 2 as intergraded by FMIS.*
- ***Virement 01/2007 – Repair of Office Building-Gunu House - \$7,620.00***
This is a new allocation in which no funds provided in the Budget Estimates 2007. Request has to be made to FMIS and Budget Division for the creation of this new allocation, upon approval virement was prepared to release fund from SEG 5 – Supreme Court Witness to SEG 4- Repair of Office Building Gunu House.

Virement 02/2007 – Repair of Office Vehicle -\$1,429.00

Reason for the virement made is that there is not sufficient fund in the cash flow for the month of June to cater for the repairs of office vehicle. Virement was prepared to release fund from SEG 5 – Supreme Court Witness to SEG 4- Spare Parts and Maintenance.

Virement 03/2007 – Maintenance of Office Equipment \$1,414.00

This is totally new allocation in which no funds provided in the Budget Estimates 2007 - Maintenance of Photocopy Machine. Request has to be made to FMIS and Budget Division for the creation of this new allocation, upon approval virement was prepared to release fund from SEG 5- Supreme Court Witness to SEG 4 – Maintenance of Office Equipment.

Virement 04/2007 - Purchase of New Photocopy Machine - \$4,400.00

This is totally new allocation in which no funds provided in the Budget Estimates 2007 – Purchase of New Photocopy Machine. Request has to be made to FMIS and Budget Division for the creation of this new

¹ Finance Instructions 2005 – 81 (2)

² Finance Instructions 2005 – 81 (3)

allocation, upon approval virement was prepared to release fund from SEG 5- Supreme Court Witness to SEG 9 – Purchase of New Photocopy Machine (Capital Purchase).

13.8 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.³

A review of VAT Returns, supporting documents and VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$12,581 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 13.4: Details of Un-reconciled balance

Details	\$
Total income/expenditure as per Statement of Receipts and Expenditure	3,721,728
Add: VAT paid in November not fully accounted in the GL	5,322
	3,727,050
Less: Total taxable supplies as per VAT Returns	3,739,631
Un-reconciled variance	(12,581)

In addition, VAT Input as per VAT Returns totalled \$59,114 whereas the general ledger recorded VAT input of \$64,653 resulting in a difference of \$5,539.

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 ledger.

Management Comments

- Payment of VAT for 2007 was made in accordance with balance reflected in the monthly GL ie. 1/9 of total expenditure less INPUT VAT for the month equals to VAT PAYABLE (OUTPUT).
- VAT records were accessible to the audit officer during the audit and we do not see any reasons for the variances since we only work out the VAT payable from the figures derived from the monthly GL Report given from the Ministry of Finance.
- We acknowledge these audit variances and will rectify these issues in accordance with your format in future.

13.9 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.⁴

³ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

⁴ Chapter 219 – Fiji National Provident Fund – Section 13 (1)

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

Table 13.5: Details of FNPF Variances

Details	\$
(a) Total FNPF against salaries and wages for 2007	
FNPF as per financial statement	201,488
Add: FNPF for December 2007	18,035
	219,523
Less: FNPF for December 2006	17,763
FNPF for 2007	201,760
Gross pay subject to FNPF (201,760 divided by 0.08)	2,522,000
(b) Salaries and wages for 2007 subject to FNPF:	
Salaries, wages and allowances as per financial Statement	2,304,847
Less: Salaries and wages not subject to FNPF	-
Salaries, wages and allowance for 2007 subject to FNPF	2,304,847
Variance	217,153

Recommendation

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

Management Comments

- *Payments of FNPF Monthly Contributions are derived from the Contribution Schedule Report (CSR) from the Ministry of Finance after it has been reconciled with our records.*
- *We cannot ascertain any explanation for the variance since monthly payment was done in accordance with the figures derived from the CSR from the Ministry of Finance.*

Appendix 13.1 – Statement of Output Cost for 2007**Portfolio Leadership, Policy Advise and Secretariat Support**

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	24,569	22,476
Unestablished Staff	500	436
Travel & Communication	1,881	1,766
Maintenance & Operations	1,538	1,593
Purchase of Goods & Services	2,572	1,535
Operating Grants & Transfers	-	-
Special Expenditure	874	1,385
Total Operating Costs	31,934	29,191
Capital Costs		
Capital Construction	-	-
Capital Purchases	949	0
Capital Grants & Transfers	-	-
Total Capital Costs	949	0
Value Added Tax	4,332	3,649
TOTAL COSTS	37,215	32,840

Prosecution of Suspected Offenders

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	2,431,799	2,225,170
Unestablished Staff	49,467	43,070
Travel & Communication	186,140	174,849
Maintenance & Operations	153,156	157,713
Purchase of Goods & Services	254,617	152,041
Operating Grants & Transfers	-	-
Special Expenditure	86,481	137,097
Total Operating Costs	3,161,660	2,889,940
Capital Costs		
Capital Construction	-	-
Capital Purchases	93,903	0
Capital Grants & Transfers	-	-
Total Capital Costs	93,903	0
Value Added Tax	428,950	365,317
TOTAL EXPENDITURE	3,684,513	3,255,257

Section 14 Department of Justice, Prisons and Corrections

Programme Statement - Justice

The Department of Justice is responsible for the efficient and effective delivery of services relating to all the Registries. Justice Department will be the point of contact for all those requiring registration of properties, stamp duty, and Company registration.

Programme Statement – Prisons and Corrections

The Fiji Prisons Service is responsible for the safe, secure and humane treatment of persons in custody by providing opportunities to correct offending behaviour, develop work and life skills and perform community service. Under the framework of the Fiji Prisons Act and Public Service Administrative Guidelines, the Fiji Prisons Service works towards enhancing the quality of custodial responsibilities, improve inmate rehabilitation programmes, developing human resources, effective use of resources and modernizing the service.

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CONCOLIDATED FINANCIAL STATEMENT

The Department of Justice and the Prisons and Corrections Department have not consolidated their financial statements as required.

DEPARTMENT OF JUSTICE

FINANCIAL STATEMENT

14.1 Audit Opinion

The audit of the 2007 accounts of the Department of Justice resulted in the issue of a qualified audit report.

The qualifications are as follows.

- The Department of Justice has not consolidated its financial statements with the Prisons and Corrections Department as required.
- 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 Ministry under each output.
- The Department of Justice has not provided for audit a Statement of Losses and a Trust Fund Account Statement of Receipts and Payments, contrary to Finance Instructions 82. The Financial Management Information System shows that the Department as at 31/12/07 has operating trust funds totalling \$38,357.
- The payments of VAT could not be reconciled to the accounts.

14.2 Statement of Receipts and Expenditure

The Department of Justice incurred a total expenditure of \$2,096,877 in 2007 compared to \$2,359,277 in 2006. Refer Table 14.1 for details.

Table 14.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue		
Stamp Duty	14,019,394	18,056,661
Miscellaneous Fees	709,681	807,458
Registration Fees	339,688	412,446
License Fees	27,812	24,810
Other State Revenue	138,140	154,675
Total State Revenue	15,234,715	19,456,050
Agency Revenue		
Other Agency Revenue	5,145	4,372
TOTAL REVENUE	15,239,860	19,460,422
EXPENDITURE		
Operating		
Established Staff	1,439,117	1,736,161
Unestablished Staff	83,424	72,741
Travel & Communication	79,829	94,595
Maintenance & Operations	213,325	167,895
Purchase of Goods & Services	12,428	11,344
Operating Grants & Transfers	5,000	5,000
Special Expenditure	50,347	11,914
Total Operating Expenditure	1,883,470	2,099,650
Value Added Tax	213,407	259,577
TOTAL EXPENDITURE	2,096,877	2,359,227

14.3 Statement of Output Costs

The Department of Justice's Statement of Output Costs consolidates the 2 outputs as prescribed in the Budget Estimates, contrary to the requirements of Finance Instructions. These are detailed in Appendix 14.1.

14.4 Appropriation Statement

The Department incurred expenditures totalling \$2,096,877 in 2007 against the budget of \$2,120,313 resulting in a savings of \$23,436 or 1%.

Details of expenditures against the budget estimates are provided in Table 14.2.

Table 14.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	1,409,536	23,222	1,432,758	1,439,117	0	(6,359)
2	Unestablished Staff	105,158	(23,222)	81,936	83,424	0	(1,488)
3	Travel & Communication	80,000		80,000	79,829	0	171
4	Maintenance & Operations	191,500	31,195	222,695	213,325	0	9,370
5	Purchase of Goods & Services	34,119	(21,622)	12,497	12,428	0	69
6	Operating Grants & Transfers	5,000		5,000	5,000	0	0
7	Special Expenditure	60,000	(9,573)	50,427	50,347	0	80
	Total Operating Costs	1,885,313	0	1,885,313	1,883,470	0	1,843
13	Value Added Tax	235,000		235,000	213,407	0	21,593
	TOTAL EXPENDITURE	2,120,313	0	2,120,313	2,096,877	0	23,436

The Ministry of Finance approved the transfer of \$54,417 between the SEGs of the Ministry's appropriation head during the year:

14.5 Statement of Losses

The Department of Justice did not provide a Statement of Losses for audit.

AUDIT FINDINGS

14.5 Revolving Fund Account

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents.¹ If an advance has not been fully expended, the travelling officer must repay the balance within 7 days of completing the travel.²

Upon clearance of the advance, the accounts officer shall update the debtors register, offset the advance account and debit the appropriate expenditure account.³

The Department's Revolving Fund account has substantial debit balances of \$317,494 and some have been carried forward from previous years. Refer to Table 14.3 for details:

Table 14.3: Balances of Revolving Fund Accounts

Description	Amount \$
Accounts Receivable - Individuals	89,481.34
Accounts Payable - Prepaid Expenses	(1,478.16)
Advances	214,607.21
Dishonoured Cheques	3,550.49
Surcharge	11,333.17
TOTAL	317,494.05

¹ Justice Department – Finance Manual section 10.1.11

² Justice Department – Finance Manual section 10.1.12

³ Justice Department – Finance Manual section 10.1.15

The large balances in *Accounts Receivable Individual* resulted from the mapping errors during the implementation of the Financial Management Information System of government. In 2006 and 2007, double postings were made when the Bank Link program was introduced resulting in variations between the Drawings account and unpresented cheques, consequently funds were transferred to the Revolving Fund account.

Most charges debited to the Advance Account were settled in 2005 and 2006 but were reversed by the Ministry of Finance. The Department is currently in the process of adjusting the variations and discrepancies.

The delay in passing the necessary adjustment to regularise the variations and discrepancies has resulted in the substantial balance reported in 2007.

Recommendations

- **The Department should efficiently and effectively carry out the adjustments to correct the RFA account balances with proper co-ordination with the Ministry of Finance.**
- **The Department should ensure that internal control procedures, specifically supervisory checks, are strengthened to avoid such discrepancies in future.**

Management Comments

Management comments not yet provided.

14.6 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.⁴

A review of VAT Returns and supporting documents and VAT reconciliation carried out during the audit revealed an un-reconciled balance of \$315,974 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer Appendix 14.2 for details.

Recommendations

- **The Department 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 reconcile with the general ledger.**

Management Comments

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

14.7 Retaining of Trust Funds – Official Receiver

If, where a company is being wound up, it appears, either from any statement delivered to the registrar under Section 33 or otherwise, that a liquidator has in his hands or under his control any money representing unclaimed or undistributed assets of the company which have remained or undistributed for 6 months after the date of their receipt, or any money held by the company in trust in respect of dividends or other sums due to any person as a member of the company, the liquidator shall forthwith pay the said money to the official receiver for the credit of the Companies Liquidation Account, and shall be entitled to a receipt for the money so paid, and that receipt shall be an effectual discharge to him in respect thereof⁵.

Any person claiming to be entitled to any money paid in pursuance of this section may apply to the official receiver for payment thereof and the official receiver may, on a certificate by the liquidator that the person claiming is entitled, pay to that person the sum due.⁶

The Office of the Official Receiver is maintaining funds from cases of liquidation of companies that have been fully discarded. The balances left in favour of judgement debtors are still being retained by the Official Receiver when the funds should be paid out. Refer to Table 14.4 for examples:

Table 14.4: Fully Discarded Companies

File No.	Winding Up Date	Company	Amount \$
30/05	16/09/05	Adz Up Fiji Limited	41.44
06/05	16/07/05	Taiwan Timber Company (Fiji) Limited	65.54
23/00	08/12/00	Ferrier – Watson Enterprises Ltd	616.99
11/03	11/12/03	Fishinvest (Fiji) Limited	458.75
34/01	04/05/01	Radar Pacific Pty Limited	9,506.17
30/03	22/01/04	Han Bae Enterprises (Fiji) Limited	160.94
54/01	27/09/02	Jafar Construction	49.30
25/06	10/07/06	United Landowning Company Limited	37.33
100/01	22/02/02	Shankar Singh Transport Limited	50.00
06/00	08/07/03	Lok's Crane Rigging & Pilling Contractors Limited	112.50

The balance of trust monies from bankruptcy cases have not always been paid out to relevant individuals subsequent to paying off respective creditors and recovering administrative costs for the Office. Refer to Table 14.5 for examples.

Table 14.5: Trust monies from bankruptcy cases

Date Case Discharged	Judgment Debtor	Outstanding Amount \$
25/06/04	Walusio Buatava	60.00
30/06/97	Unaisi Raikoso	129.10
12/08/98	Sovea Tabua	64.21
14/11/97	Waisake Domu	265.75
31/10/94	Bal Bahadur	15.00
08/02/07	Don Bruce	504.62
21/12/07	Bashir Khan	258.25
29/08/07	Sanjay Kumar	96.97
15/02/07	Posiana Nauku	39.52

⁵ Companies Act Cap 247 – Section 335 (1)

⁶ Companies Act Cap 247 – Section 335 (2)

Date Case Discharged	Judgment Debtor	Outstanding Amount \$
17/10/07	Filimoni Rolagavau	171.25
31/10/94	Arun Kumar	170.46
08/08/96	Feroz Khan	127.50
31/10/94	Gajen Nand	63.48
14/08/96	Faruk Ahmad	7.62

The Office is unnecessarily maintaining funds in its trust fund accounts.

Recommendation

The Official Receiver should ensure that funds are paid out to avoid accumulation of funds in the trust accounts.

Management Comments

The Official Receiver; newly appointed has taken note of the recommendation and will ensure that outstanding judgment debtors, creditors and administrative costs are paid so that no unnecessary funds are maintained in the both Trust Fund Accounts.

Steps are already undertaken within the Official Receivers Office and the Management to rectify this situation.

14.8 Liquidation Bank Reconciliation - Official Receiver

A bank account for public money, other money or trust money must only be established with the approval of the Chief Accountant, who shall inform the bank of the agency officers authorized to operate on it. All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer⁷.

The Accounting Head must make all attempts to issue stop notices for all cheques that have remained unpresented for more than 6 months. Stale cheques (those which are at least 6 months old) shall be reviewed each month to determine the need for a replacement cheque. Where a replacement cheque is not required, actions should be taken to clear it. If for some reason cheques continue to remain unpresented for more than 12 months, stop notice shall be waived and action should be taken to clear them. The Accounting Head must make all attempts to recover amounts that have been dishonoured by the bank.⁸

Discrepancies were noted from the review of the bank reconciliations of the Liquidation account maintained by the Official Receiver:

- bank credits as shown in the bank statements have not been taken into account in the Cash Book;
- Some bank debits shown in the bank statement have not been accounted for in the Cash Book;
- Some lodgements were not credited by the bank.

This is detailed in Appendix 14.5, 14.6 and 14.7.

The bank reconciliations prepared by the Office are incorrect. The risk of fraud and misappropriation of funds increases if bank reconciliations are not carried out correctly.

⁷ Finance Instructions 2005 - Part 6 – Assets - 39 (1) & (5)

⁸ Finance Instructions 2005 – Part 6 – Assets – 40 (2), (3), (4) & (5)

Recommendations

- **Supervisory checks on cash and cash at bank records and bank reconciliations should be improved.**
- **Arrangements should be made to clear all unpresented cheques and other balances which have been outstanding for long in the bank reconciliation statements.**

Management Comments

The Official Receiver has taken note of this to ensure that these two recommendations are facilitated with.

14.9 Follow up of Issues Raised in Previous Audits – 2006

Table 14.6: Follow up Issues

Issues	Recommendation	Action Taken																												
<i>Payment of Wages to Suspended Messenger</i>																														
<p>Mr. Imanueli Temo (FNPF – NT256, a Temporary Relieving Messenger at the Office of the Public Trustee was allegedly involved in the misappropriation of fund totalling \$29,609.87. The allegation was lodged with the Serious Fraud Unit of the Fiji Police Force by the Assistant Public Trustee on 25/02/2003.</p> <p>Considering the seriousness of the allegations, the Permanent Secretary for Justice suspended the officer on full pay with effect from 03/03/2003.</p> <p>It was of great concern to note that the amendments to the provisions of the JIC Agreement with regards to Section V – Disciplinary as per the PSC Circular 7/2003 of 27/02/2003 was not applied. As a result, the officer was overpaid a total of \$31,056.96 in wages. Refer to the table below for details:</p> <table><tr><th>Period</th><th>Rate \$</th><th>No. of Weeks</th><th>Total \$</th></tr><tr><td>19/02/03 – 31/12/03</td><td>3.12</td><td>46</td><td>6,314.88</td></tr><tr><td>01/01/04 – 31/12/04</td><td>3.24</td><td>52</td><td>7,413.12</td></tr><tr><td>01/01/05 – 31/12/05</td><td>3.24</td><td>52</td><td>7,413.12</td></tr><tr><td>01/01/06 – 31/12/06</td><td>3.34</td><td>52</td><td>7,641.92</td></tr><tr><td>01/01/07 – 30/04/07</td><td>3.23</td><td>16</td><td>2,273.92</td></tr><tr><td>TOTAL</td><td></td><td></td><td>31,056.96</td></tr></table> <p>Audit also noted that after four years, the case is still pending with the Department of Police. Though the case was followed up to 14/02/2005 and 06/06/2005, there was no response received from Police.</p>	Period	Rate \$	No. of Weeks	Total \$	19/02/03 – 31/12/03	3.12	46	6,314.88	01/01/04 – 31/12/04	3.24	52	7,413.12	01/01/05 – 31/12/05	3.24	52	7,413.12	01/01/06 – 31/12/06	3.34	52	7,641.92	01/01/07 – 30/04/07	3.23	16	2,273.92	TOTAL			31,056.96	<ul style="list-style-type: none">The Ministry must cease the payment of wages to the officer, and responsible officers must be held accountable for the overpayment so that recovery can be effect accordingly;The Ministry must be persistent and aggressive in its follow up approach with the Police Department considering the length of time they had taken to resolve the matter; andOfficers of the Ministry must be made aware of the vital need of being updated with the changing rules and regulations issued by the Public Service Commission, together with their application.	No action taken
Period	Rate \$	No. of Weeks	Total \$																											
19/02/03 – 31/12/03	3.12	46	6,314.88																											
01/01/04 – 31/12/04	3.24	52	7,413.12																											
01/01/05 – 31/12/05	3.24	52	7,413.12																											
01/01/06 – 31/12/06	3.34	52	7,641.92																											
01/01/07 – 30/04/07	3.23	16	2,273.92																											
TOTAL			31,056.96																											
<i>Unrecovered Public Funds</i>																														
<i>Embezzlement of \$1,000</i> <p>Anare Vakatabuiwaca, EDP 63704, a clerical officer in the Officer Receiver's</p>	<ul style="list-style-type: none">The Ministry should be more vigilant and take proactive measures in safeguarding public funds;Disciplinary actions should be taken against the relevant	According to the Administrative Officer the case is still with Police. He																												

Department of Justice, Prisons and Corrections

Section 14: Page 9

Issues	Recommendation	Action Taken																				
<p>Office was suspended from duties on 03/06/05 without pay, because of his involvement in a disciplinary office in which he fraudulently converted \$1,100.74 in cash from the Official Receiver’s Trust Fund for his personal benefit.</p> <p>On 07/09/05, he was formally charged after clearance from the Solicitor General’s Office. However, Mr. Vakatabuiwaca failed to respond to the charges laid against him. As such, his appointment was terminated on 23/08/06, and the amount of \$1,100 could not be recovered from the officer.</p> <p><i>Unauthorised Absence</i></p> <p>Through a memo dated 11/04/05, it was established that the officer (Anare Vakatabuiwaca) was absent from work without proper leave approval and non – submission of medical certificates for a total of 29 days. Refer to the table below for details:</p> <table><tr><th>Dates</th><th>No of Days</th><th>Remarks</th><th>Amount to be Recovered \$</th></tr><tr><td>04/11/04, 05/11/04, 08/11/04, 11/11/04, 15/11/04, 18/11/04, 19/11/04, 22/11/04, 26/11/04, 29/11/04</td><td>10 w/days</td><td>Unauthorized absence</td><td>189.56</td></tr><tr><td>03/12/04, 08/12/04, 14/12/04 – 17/12/04, 20/12/04, 23/12/04, 24/12/04</td><td>9 w/days</td><td>Unauthorized absence</td><td>170.60</td></tr><tr><td>04/01/05 – 07/01/05, 10/01/05 – 14/01/05, 17/01/05</td><td>10 w/days</td><td>Unauthorized absence</td><td>189.56</td></tr><tr><td>TOTAL</td><td>29</td><td></td><td>549.72</td></tr></table> <p>Upon the directive from the CEO, recovery for the above was effected from pay 10/05, however, only \$126 was recovered. The balance of \$423.72 remained outstanding.</p>	Dates	No of Days	Remarks	Amount to be Recovered \$	04/11/04, 05/11/04, 08/11/04, 11/11/04, 15/11/04, 18/11/04, 19/11/04, 22/11/04, 26/11/04, 29/11/04	10 w/days	Unauthorized absence	189.56	03/12/04, 08/12/04, 14/12/04 – 17/12/04, 20/12/04, 23/12/04, 24/12/04	9 w/days	Unauthorized absence	170.60	04/01/05 – 07/01/05, 10/01/05 – 14/01/05, 17/01/05	10 w/days	Unauthorized absence	189.56	TOTAL	29		549.72	<p>officer’s Supervising Officers.</p>	<p>revealed that a follow up with Police was made but police is still investigating the case.</p>
Dates	No of Days	Remarks	Amount to be Recovered \$																			
04/11/04, 05/11/04, 08/11/04, 11/11/04, 15/11/04, 18/11/04, 19/11/04, 22/11/04, 26/11/04, 29/11/04	10 w/days	Unauthorized absence	189.56																			
03/12/04, 08/12/04, 14/12/04 – 17/12/04, 20/12/04, 23/12/04, 24/12/04	9 w/days	Unauthorized absence	170.60																			
04/01/05 – 07/01/05, 10/01/05 – 14/01/05, 17/01/05	10 w/days	Unauthorized absence	189.56																			
TOTAL	29		549.72																			

Issues	Recommendation	Action Taken
The lax attitude of those responsible and their failure to act prudently contributed to the loss of \$1,524.46 in public funds.		

Recommendation

The Ministry should consider implementing the recommendations highlighted in the 2006 audit report.

Management Comments

We had in our reply to the Audit Query for 2006, mentioned that approval for wages payment was given by the Permanent Secretary for Justice, MR Qetaki in his letter dated 28/2/03, to be effective from 03/03/20023.

Temo was suspended in accordance with Clause 54(a) ii& (b) of Section –Discipline of the JIC Agreement. This was to allow the Police to conduct investigations, without interference. He was to continue to draw his wages.

The PS Justice did not consider suspending Temos wages since the department had not recommended disciplinary action and had awaited Police to investigate and to lay charges if necessary. Nothing has been finalized to date.

The recommendation to terminate Temos wages, in 2007, was as a result of non budgetary provisions in Justice Department, since Public Trustee Office had been Corporatised.

DEPARTMENT OF PRISONS AND CORRECTIONS

FINANCIAL STATEMENT

14.10 Audit Opinion

The audit of the 2007 accounts of the Department of Prisons and Corrections resulted in the issue of a qualified audit report.

The accounts were qualified as:

- The Prisons and Corrections Department has not consolidated its financial statements with the Department of Justice as required.
- 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 Department under the two outputs.
- The Department has not provided for audit a Statement of Losses and a Trust Account Statement of Receipts and Payments, contrary to Finance Instructions 82. The Financial Management Information System shows that the Department as at 31/12/07 has operating trust funds totalling \$418,564.

14.11 Statement of Receipts and Expenditure

The Prisons and Corrections Department incurred total expenditures of \$13,589,443 in 2007 compared to \$14,045,768 in 2006. Refer to Table 14.7 for details.

Table 14.7: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue		
Cemetery Fees	36,836	33,975
Prison Industries	69,564	64,756
Other State Revenue	11,013	11,608
Total State Revenue	117,413	110,339
Agency Revenue	0	0
TOTAL REVENUE	117,413	110,339
EXPENDITURE		
Operating		
Established Staff	8,474,623	8,441,102
Unestablished Staff	271,907	358,297

Description	2007 \$	2006 \$
Travel & Communication	325,399	311,693
Maintenance & Operations	620,543	740,376
Purchase of Goods & Services	1,465,199	1,665,696
Operating Grants & Transfers	23,921	14,294
Special Expenditure	104,017	129,806
Total Operating Expenditure	11,285,609	11,661,264
Capital Expenditure		
Capital Construction	947,016	615,826
Capital Purchase	67,600	37,493
Capital Grants & Transfers	-	-
Total Capital Expenditure	1,014,616	653,319
Value Added Tax	1,289,218	1,731,185
TOTAL EXPENDITURE	13,589,443	14,045,768

14.12 Statement of Output Costs

The Department of Prison's Statement of Output Costs consolidates the 4 outputs as prescribed in the Budget Estimates. These are detailed in Appendix 14.2.

14.13 Appropriation Statement

The Department incurred expenditures totalling \$13,589,443 in 2007 against the budget of \$13,544,143 resulting in an over-expenditure of \$45,300. Details of expenditures against the budget estimates are provided in Table 14.8.

Table 14.8: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	7,835,446	0	7,835,446	8,474,623	0	(639,177)
2	Unestablished Staff	243,661	0	243,661	271,907	0	(28,246)
3	Travel & Communication	251,200	90,000	341,200	325,399	0	15,801
4	Maintenance & Operations	664,100	(35,843)	628,257	620,543	0	7,714
5	Purchase of Goods & Services	1,663,380	(100,700)	1,562,680	1,465,199	0	97,481
6	Operating Grants & Transfers	13,400	10,700	24,100	23,921	0	179
7	Special Expenditure	120,000		120,000	104,017		15,983
	Total Operating Costs	10,791,187	(35,843)	10,755,344	11,285,609	0	(530,265)
	Capital Expenditure						
8	Capital Construction	1,182,000	35,843	1,217,843	947,016	0	270,827
9	Capital Purchase	67,556		67,556	67,600	0	(44)
10	Capital Grants & Transfers	-		-	-	0	-
	Total Capital Expenditure	1,249,556	0	1,285,399	1,014,616	0	270,783
13	Value Added Tax	1,503,400	0	1,503,400	1,289,218	0	214,182
	TOTAL EXPENDITURE	13,544,143	0	13,544,143	13,589,443	0	(45,300)

The Ministry of Finance approved the transfer of \$136,543 between the SEGs within the Department's appropriation head during the year.

14.14 Statement of Losses

The Department did not provide a Statement of Losses for audit as required.

AUDIT FINDINGS

14.15 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.⁹

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.¹⁰

The Prisons and Corrections Department submitted its Financial Statements for audit on 31/03/08 but was not prepared in accordance with the requirements of Section 82 and Schedule 1 of the Finance Instructions 2005. The following anomalies were noted.

- The Department also failed to provide a Statement of Losses for audit. In addition, the Department failed to carry out its annual stock-take of fixed assets in 2007.
- The 2007 Budget prescribed four outputs; however, the Department only submitted two Statements of Output Costs which were prepared according to the budget activities. 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 Department did not consolidate its financial statements with the Department of Justice as both Departments comprise a Budget Sector Agency under the Appropriation Promulgation 2007
- The 2006 balances in the financial statements submitted for audit did not reconcile with the Appendix 8 of the 2006 Accounts and Finance and the general ledger (FMIS). However, the balances have been amended according to the FMIS. Refer to *Appendix 14.3* for details.

Non-compliance with Finance Instructions in the preparation of financial statements has restricted the scope of the audit and will be included as qualifications in the audit report.

⁹ Finance Instructions 2005 – 81 (2)

¹⁰ Finance Instructions 2005 – 81 (3)

Recommendation

The Department should ensure that the requirements of the Finance Instructions 82 are strictly followed in the preparation of the Agency Financial Statements.

Management Comment

Management comments not yet provided.

14.16 Over-Expenditure

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Parliament approves for spending by each agency. No Officer may incur expenditure which results in the agency's appropriation being exceeded without the proper authorisation of the Ministry of Finance, pending approval by Parliament.¹¹

Analysis of the expenditures for 2007 indicated that the Department had incurred over-expenditures under SEG1 and SEG 2. Refer to Table 14.9 for details.

Table 14.9: SEG 1 and SEG 2 Over-expenditure Details

SEG	Description	Revised Provision (\$)	Actual Expenditure (\$)	Over-expenditure (\$)	Over-expenditure (%)
1	Established Staff	7,835,446	8,474,623	(639,177)	(8.2)
2	Unestablished Staff	243,661	271,907	(28,246)	(11.6)

The over-expenditures in the 2 SEGs resulted in the overall over-expenditures in the Department's budget by \$45,300.

Excessive expenditures of funds indicate inadequate supervisory checks and ignorance of standing financial instructions.

Recommendations

- **Management of the Prisons and Corrections Department should take active roles in ensuring that the Department operate within its approved budget.**
- **Expenditures should be reviewed against the budget allocation on a monthly basis and reported to management for effective and efficient decision-making.**
- **Supervisory checks should be improved.**

Management Comments**14.17 Revolving Fund Account - Suspense**

The Ministries/Departments should provide funds to write-off losses all the Trading and Manufacturing Accounts already recommended for suspension.¹²

¹¹ Finance Instructions 2005 Section 8

¹² Finance Circular dated 15/02/00

The closing balance of the RFA – Suspense Account as at 31/12/07 totalled \$582,858 which represents accumulated losses made by the Department’s Trading and Manufacturing Account (TMA) through its prior years’ operations.

The Department has ceased to operate this Revolving Fund account. The balance did not reconcile with Appendix 19 of the Accounts and Finance, which reflected a closing balance of \$37,578.

The Department could not provide any reason for the variations although the account was not in operation in 2007.

In absence of the proper records, audit could substantiate the accuracy of the balances of the RFA – Suspense.

Recommendation

The Department should liaise with the Ministry of Finance to identify and make necessary adjustments of any mispostings to the RFA - Suspense.

Management Comments

Management comments not yet provided.

14.18 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.¹³

The closing balance of the Drawings account for 2007 as per the Department’s record did not reconcile with the general ledger (FMIS). Refer to Table 14.10 for details:

Table 14.10: Details of Variances

Details	Balances (\$)
General Ledger (FMIS)	1,104,558.60
Departments Record	372,800.80
Variance	731,757.80

In absence of proper reconciliations, the balance reported on Appendix 3 of the Accounts and Finance could not be substantiated.

Recommendations

- **The Department should review its monthly Drawings Account reconciliations for 2007 and take into account the issues raised above.**
- **Supervisory checks on the monthly reconciliations should be improved.**

Management Comments

Management comments not yet provided.

¹³ Finance Manual 2005 Section 7.4.3

14.19 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.¹⁴

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.¹⁵

The scope of audit of VAT records was limited as the Department did not maintain records of monthly VAT Returns and the accuracy of VAT payments during the year could not be substantiated.

Recommendations

- **The Department should ensure that records pertaining to VAT are properly maintained for reconciliation and audit purposes.**
- **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

14.20 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.¹⁶

The current rate of contribution (effective 1st July, 1999) is 16cents on each dollar earned, with the employer and employee each contributing 8cents 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 and is a punishable offence.¹⁷

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variances as detailed in Appendix 14.8.

The Department did not provide any explanations for the variance.

Recommendation

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

¹⁴ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

¹⁵ Finance Circular No 9/95

¹⁶ Chapter 219 – Fiji National Provident Fund – Section 13 (1)

¹⁷ www.fnpf.com.fj – official web site address Fiji National Provident Fund

Management Comments

14.21 Unsafe work environment - Suva Prison Administration Block

Every employer shall ensure the health and safety at work of all his or her workers. An employer shall provide and maintain plant and systems of work that are safe and without risks to health.¹⁸

Physical inspection of the Administration Block of the Suva Prison revealed the poor and dilapidated working environment of the Prison Officers. The Officers are exposed to unsafe, risky and substandard environment. Refer below for illustrations:



The current working environment indicated above does not comply with requirements of the Health and Safety at Work Act.

Recommendation

The Department should actively pursue the improvements and repairs of prison facilities with the Government.

Management Comments

This is not new. In fact it has been an on-going issue highlighted year in and year out in the Prison Service audit query. Our renovation is contingent on the budgetary provisions dispensed to us by government on a yearly basis. We therefore cannot fix everything at once given the meagre resources allocated by government. However, we have started our renovations since 2003. Thereafter, every year a prison institution is identified and fixed in compliance with international standards, OHS and Human Rights Commission dictates. This year Ba prison will be renovated.

We fully agree with the observations. In the absence of funds no improvements can be done this year even though our records show the consistent submission of requests to the Ministry of Finance for renovations of buildings. In the meantime the Department in partnership with the Ministry of Labour jointly produced and launched an OHS manual and will be incrementally implemented, again depending on government allocations. Furthermore, the Department has completed a full scale OHS audit of the buildings in Suva in partnership with the Ministry of Labour.

14.22 CCTV Equipment

Physical assets provide a vital resource base that supports the delivery of outputs by the agency. Therefore it is important to ensure that assets are safe guarded and properly maintained and all assets held by the agency are used efficiently.¹⁹

¹⁸ Health and Safety at Work Act 1996 (9) (1) & (2)

¹⁹ Departments Finance Manual Part 11 Property Plants and Equipment

Elcom Services Ltd was contracted to install CCTV Cameras at the Naboro Maximum and Medium Security Prisons. As of December 2007, the Department has incurred a total of \$196,349 for the purchases and installations of the CCTV. Refer to Table 14.11 for details:

Table 14.11: Details of Purchases

Station	Cost Incurred (\$)
Naboro Central Monitoring	42,215
Medium Security Prison	90,649
Maximum Security Prison	63,485
Total	196,349

The project has yet to be completed and the Central Monitoring Station at Naboro in which all the monitoring system from Prison Institutions would be controlled is not fully functional. During the inspection,²⁰ audit noted that technical equipments purchased for the CCTV remained idle at the Central Monitoring Station at Naboro. Refer to Table 14.12 for details:

Table 14.12: Details of Equipment not yet installed

Description	Qty	Cost (\$)
Samsung 32" Wall Mountable TFT Screen	3	29,172
Dual Redundant Power Supply	3	
Inter Core 2 Duo E6700	3	
3GB DDR2 RAM	3	
Removable 320GB S-ATA HDD(with spare)	3	
Windows XP Pro	3	
Cordless Keyboard with mouse	3	
Switch	1	662
KVM Extender over CAT 5	3	3,981
Door Access Control System with 30 cards	2	3,500
Total		37,315

The electrical equipments are not safely stored to ensure that their condition do not deteriorate before the CCTV is fully functional. The project would only be completed when funds are allocated to the Department for the purchase of remaining equipment to complete the project.

The high cost that has already been incurred warrants the Department's attention in ensuring that the project is fully functional as early as possible.

Recommendations

- **The Department should ensure the safe custody and storage of the items already procured.**
- **All equipments must be fully accounted for and taken on charge in the Fixed Assets Register.**

Management Comments

The CCTV project is a long initiative. It started in 1996. Government approved a policy for all prisons to be installed with CCTV equipments. So far Maximum prison has been completed. The equipments seen by the Auditor were purchased from the 2007 Budget provisions. The remaining equipments to be purchased from 2008 allocations are still with the Ministry of Finance awaiting release of funds. The purchasing of the remaining

²⁰ Audit inspection on 04/03/08

equipments will complete the required parts for the setting up of a central monitoring station at Naboro and connection of Medium and Minimum Prisons.

We fully agree that the parts should be stored in a conducive environment but in the absence of funds the Department cannot purchase air conditioners. The dispensing of funds on piece meal basis is not appropriate in this type of project. Funding should be approved instantly instead of having to go through the normal tender and RIE process because this particular project is an ongoing one. The delays resulting from the lengthy process can cause damage or loss to government. It is now July and still a tender is being processed.

Meanwhile all the equipments have been stored in a safer place.

Appendix 14.1: Statement of Output Costs for 2007 – Department of Justice**Portfolio Leadership, Policy Advice and Secretariat Support**

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,439,117	1,736,161
Unestablished Staff	83,424	72,741
Travel & Communication	79,829	94,595
Maintenance & Operations	213,325	167,895
Purchase of Goods & Services	12,428	11,344
Operating Grants & Transfers	5,000	5,000
Special Expenditure	50,347	11,914
Total Operating Costs	1,883,470	2,099,650
Capital Expenditure		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Costs	-	-
Value Added Tax	213,407	259,577
TOTAL EXPENDITURE	2,096,877	2,359,227

Appendix 14.2: Unreconciled VAT Variances

Details	\$
Total expenditure as per Statement of Receipts and Expenditure	2,096,877
Less: Expenditure not subject to VAT – SEG 6	5,000
	2,091,877
Less: Total taxable supplies as per Vat returns	1,775,903
Un-reconciled variance	315,974

Appendix 14.3: Statement of Output Costs for 2007- Prisons Department**General Administration**

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,577,206	2,244,993
Unestablished Staff	-	114
Travel & Communication	33,863	46,337
Maintenance & Operations	465,135	507,741
Purchase of Goods & Services	22,461	36,883
Operating Grants & Transfers	-	894
Special Expenditure	-	-
Total Operating Costs	2,098,665	2,836,962
Capital Expenditure		
Capital Construction	947,016	615,826
Capital Purchase	-	37,493
Capital Grants & Transfers	-	-
Total Capital Expenditure	947,016	653,319
Value Added Tax	372,792	459,039
TOTAL EXPENDITURE	3,418,473	3,949,320

Penal Institutions

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	6,897,417	6,196,109
Unestablished Staff	271,907	358,183
Travel & Communication	291,536	265,356
Maintenance & Operations	155,408	232,635
Purchase of Goods & Services	1,442,738	1,628,813
Operating Grants and Transfer	23,921	13,400
Special Expenditure	104,017	129,806
Total Operating Costs	9,186,944	8,824,302
Capital Expenditures		
Capital Construction	-	-
Capital Purchase	67,600	0
Capital Grants & Transfers	-	-
Total Capital Expenditure	67,600	0
Value Added Tax	916,426	1,272,146
TOTAL EXPENDITURE	10,170,970	10,096,448

Appendix 14.4: Output Costs Variances for 2006**General Administration**

SEG	Description	AFS 2006 (\$)	FMIS (\$)	Variance
1	Established Staff	1,852,250	2,244,993	(392,743)
2	Unestablished Staff	114	114	-
3	Travel and Communication	45,205	46,337	(1,132)
4	Maintenance & Operation	494,552	507,741	(13,189)
5	Purchase of Goods & Services	35,137	36,883	(1,746)
6	Operating Grants & Transfers	894	894	-
7	Special Expenditure	-	-	-
8	Capital Construction	361,780	615,826	(254,046)
9	Capital Purchase	-	37,493	(37,493)
13	Value Added Tax	396,869	459,039	(62,170)
Total Expenditure		3,186,801	3,949,320	(762,519)

Penal Institutions

SEG	Description	AFS 2006 (\$)	FMIS 2006 (\$)	Variance
1	Established Staff	6,461,315	6,196,109	265,206
2	Unestablished Staff	340,358	358,183	(17,825)
3	Travel and Communication	257,328	265,356	(8,028)
4	Maintenance & Operation	214,245	232,635	(18,390)
5	Purchase of Goods & Services	1,392,822	1,628,813	(235,991)
6	Operating Grants & Transfers	12,149	13,400	(1,251)
7	Special Expenditure	54,560	129,806	(75,246)
8	Capital Construction	-	-	-
9	Capital Purchase	-	-	-
13	Value Added Tax	815,945	1,272,146	(456,201)
Total Expenditure		9,548,722	10,096,448	(547,726)

Appendix 14.5: Bank Credits not taken into account in the Cash Book

Date	Particulars	Amount \$
01/04/89	Increase in Opening Bank Balance as at 01/04/89	1,242.15
30/06/92	-	65.00
30/07/92	-	20.00
28/01/93	-	220.00
29/01/93	-	2,410.00
29/01/93	-	110.00
02/10/95	Miscellaneous Credit	100.00
01/08/96	Miscellaneous Credit	110.00
06/09/04	Bankruptcy proceeds erroneously credited to Liquidation Account by bankers	10.00
07/09/04	Bankruptcy proceeds erroneously credited to Liquidation Account by bankers	120.00
20/09/04	Surplus Credit	0.30
20/09/04	Bankruptcy proceeds erroneously credited to Liquidation Account by bankers	100.00
22/10/04	Bankruptcy proceeds erroneously credited to Liquidation Account by bankers	120.00
20/12/05	Miscellaneous Credit	112.50
TOTAL		4,739.95

Appendix 14.6: Bank debits not accounted in the Cash Book

Date	Particulars	Amount \$
18/02/87	Miscellaneous Debit	679.49
10/10/90	Miscellaneous Debit	4.89
-	Miscellaneous Debit	10.00
24/10/90	Miscellaneous Debit	50.00
16/09/93	Miscellaneous Debit	50.00
18/04/94	Miscellaneous Debit	110.00
06/07/94	Miscellaneous Debit	8.00
02/10/95	Miscellaneous Debit	100.00
31/12/96	Dishonoured Cheque Fee	15.00
31/12/96	Dishonoured Cheque	50.00
31/12/96	Dishonoured Cheque Fee	15.00
31/12/96	Dishonoured Cheque	50.00
31/07/01	Differential in Cheque No. 39055 ^ P/V amount Cheque Amount in Excess by 0.01	0.01
01/10/06	Dishonoured cheque iro Kumar Textiles	400.00
01/10/06	Dishonoured cheque iro Kumar Textiles fee	10.00
04/04/06	Dishonoured cheque by Fa & Co iro Fiji Hardwood Corporation petition fees	10.00
TOTAL		1,562.39

Appendix 14.7: Lodgements not credited by the bank

Date	Particulars	Amount \$
03/02/89	-	100.00
03/02/89	-	1,700.00
07/02/89	-	100.00
20/11/93	-	100.00
29/04/89	-	200.00
26/02/89	Lautoka RR 0779 not credited	100.00
	Suva RR 1962	110.00
	Suva RR 1969	2,300.00

Date	Particulars	Amount \$
	Suva RR 2092	50.00
06/03/96	Suva RR 2197 not Credited	110.00
26/07/96	Suva RR No. 2476 not credited	110.00
30/09/96	Suva RR No. 9033 & 9034 not credited	220.00
01/12/97	Suva RR # 10175 of 01/12/97 not banked as at 31/12/05 due to theft of funds	200.00
14/12/98	Lautoka RR No. 2351 of 14/12/98 erroneously deposited to Bankruptcy current account	110.00
TOTAL		5,510.00

Appendix 14.8: Details of FNPF Reconciliations

Details	\$
(a) Total FNPF against salaries and wages for 2007	
FNPF as per financial statements	628,836
Add: FNPF for December 2007	45,006
	673,842
Less: FNPF for December 2006	69,161
FNPF for 2007	604,681
Gross pay subject to FNPF (604,681 divided by 0.08)	7,558,513
(b) Salaries and wages for 2007 subject to FNPF:	
Salaries, Wages and Allowances as per financial Statement	8,117,696
Less: Salaries and wages not subject to FNPF	-
Salaries, wages and allowance for 2007 subject to FNPF	8,117,696
Variance	559,183

Section 15 Department of Information and National Archives

Programme Statement

Information and Media Relations

The Department is responsible for disseminating information in Fiji and the government's plans, policies and progress to promote development through a well informed and enlightened society. Through its programme, it aims to create positive attitudes to community and national development, stimulate and mobilize support for government policies and programmes. It aims to increase public awareness of their social, economic and political environment and to better inform them about major national development issues. As government's information agency, the Department also provides the link between Government and media and through the latter with people.

The Department will be responsible for developing and introducing new media legislation to develop a more vibrant media industry. It will seek to promote and encourage industry initiatives in areas such as human resource development and training, professional development and networking in the media. Its development policies on the mass media signify the critical role of this sector in the national development by placing special considerations on the people's needs and aspirations.

National Archives

The National Archives of Fiji is responsible for the appraisal, acquisition, safe custody, and the proper conservation and maintenance of the permanent records of the government. This includes control of access of these records, the provisions of reference and information service to Ministries and Departments, students and members of the public, as well as the promotion of the scholarly research among the records held by it. The Ministry also advises and assists Government Offices in their record management. Further improvements are essential for the existing facilities to ensure the safety and proper preservation of public records. Emphasis will be given to repairing damaged records and the restoration of micro filming of old and fragile documents. The Reference Library and Research Section will continue to encourage compliance on the Fiji "legal deposit" requirements.

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FINANCIAL STATEMENT

15.1 Audit Opinion

The audit of the 2007 accounts of the Department of Information and resulted in the issue of a qualified audit report.

The qualifications are as follows.

- The amounts in the Statements of Output Costs have also 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 Department under each output.
- The Department has not provided for audit a Trust Account Statement of Receipts and Payments, contrary to Finance Instructions 82. The Financial Management Information System shows that the Department as at 31/12/07 has overdrawn operating trust funds totalling \$5,752.

15.2 Statement of Receipts and Expenditures

The Ministry incurred a total expenditure of \$5,526,127 in 2007 compared to \$4,975,232 in 2006.

Table 15.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue		
License Fees - Telecom & TV	1,114,000	3,667,277
Other State Revenue	141,020	464,629
Total State Revenue	1,255,020	4,131,906
Agency Revenue		
Revenue from Sale of Production Film	18,143	28,140
Miscellaneous	12,458	18,169
Sale of Photographs	-	211
Other Agency Revenue	-	12,347
Total Agency Revenue	30,601	58,867
TOTAL REVENUE	1,285,621	4,190,773
EXPENDITURE		
Operating Costs		
Established Staff	1,290,089	1,510,690
Unestablished Staff	144,533	113,512
Travel & Communication	128,872	172,753
Maintenance & Operations	211,517	187,155

Description	2007 \$	2006 \$
Purchase of Goods & Services	225,257	417,601
Operating Grants & Transfers	1,018,558	1,164,090
Special Expenditure	407,311	238,907
Total Operating Expenditure	3,426,137	3,804,708
Capital Expenditure		
Capital Construction	1,688,406	781,211
Total Capital Expenditure	1,688,406	781,211
Value Added Tax	411,584	389,313
TOTAL EXPENDITURE	5,526,127	4,975,232

15.3 Statement of Output Costs

The Statements of Output Costs are detailed in Appendix 15.1.

15.4 Appropriation Statement

The Department incurred expenditures totalling \$5,526,127 in 2007 against the budget of \$6,464,876 resulting in a savings of \$938,749 or 14.5%.

Details of expenditures against the budget estimates are provided in Table 15.2.

Table 15.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	1,448,678	0	1,448,678	1,290,089	0	158,589
2	Unestablished Staff	158,812	0	158,812	144,533	0	14,279
3	Travel & Communication	193,632	0	193,632	128,872	0	64,760
4	Maintenance & Operations	351,709	(41,000)	310,709	211,517	0	99,192
5	Purchase of Goods & Services	363,640	41,000	404,640	225,257	0	179,383
6	Operating Grants & Transfers	1,112,705	0	1,112,705	1,018,558	0	94,147
7	Special Expenditure	573,000	0	573,000	407,311	0	165,689
	Total Operating Costs	4,202,176	0	4,202,176	3,426,137	0	776,039
	Capital Expenditure						
8	Construction	1,700,000	0	1,700,000	1,688,406	0	11,594
	Total Capital Expenditure	1,700,000	0	1,700,000	1,688,406	0	11,594
13	Value Added Tax	562,700	0	562,700	411,584	0	151,116
	TOTAL EXPENDITURE	6,464,876	0	6,464,876	5,526,127	0	938,749

The Ministry of Finance approved the transfer of \$41,000 from *SEG 4 Maintenance and Operations* to *SEG Purchase of Goods and Services* during the year.

15.5 Statement of Losses

Revenue receipts amounting to \$207 were not lodged to the bank. Refer to the Table below for details:

Table 15.3: Losses of Revenue 2007

Receipts Date	Receipt No.	Amount (\$)
N/A	89297	49.00
19/10/07	89298	50.00
02/11/07	559555	45.00
06/11/07	559556	48.00
13/12/07	559557	15.00
Total		207.00

AUDIT FINDINGS

15.6 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 Department of Information submitted its draft financial statements for audit on 31/03/08 but they were not prepared in accordance with the requirements of Section 82 and Schedule 1 of the Finance Instructions 2005.

The 2007 Budget prescribed eight outputs; however, the Department only submitted for audit six Statements which were prepared according to the budget activities. 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 Department also failed to provide for audit a Statement of Losses and the Trust Fund Statement of Receipts and Payments.

Recommendation

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

Management Comment

The Department did not provide any comments.

¹ Finance Instructions 2005 – 81 (2)

² Finance Instructions 2005 – 81 (3)

15.7 Operating Trust Fund Account

The Ministry maintains a number of Operating Trust Fund accounts and the balances as at 31/12/07 are as follows:

Table 15.4: Details of the Operating Trust Fund Account

Details	Account No	Balances \$
PD Revenue Account	1160000000861100	(48.90)
PD Insurance	1160000000861200	(549.93)
PD Loans and Advances	1160000000861300	(1,517.58)
PD Union	1160000000861500	(135.50)
PD Maintenance	1160000000861600	(99.00)
PD Others	1160000000861900	12,828.44
Miscellaneous Fund	1160000000899900	(4,725.13)
Total		5,752.40

The correctness of the balance provided in the Financial Management Information System could not be ascertained as the Department failed to prepare monthly reconciliations. The general ledger (FMIS) also has an overdrawn account of \$12,828 under the PD Others.

In absence of the proper reconciliations, audit could substantiate the correctness of the balances reflected in the FMIS and Appendix 23B of the Accounts and Finances.

Recommendations

The Department should ensure that the Trust Fund Account reconciliations are prepared on a monthly basis and verified with the Financial Management Information System.

Management Comment

The Department did not provide any comments.

15.8 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

Chief Executive Officers and Accounting Heads must follow up closely with their various clients and suppliers to present their cheques with in reasonable period of time. Write off action should be taken once they become stale whereby those relating to the current year is charged against the appropriate expenditure allocation and those of previous years against the general revenue account.⁴

The balance of the un-presented cheques for 2007 as per the Department’s reconciliation did not agree with to the balance in the general ledger (FMIS). Refer to the Table below for details:

³ Finance Manual 2005 Section 7.4.3

⁴ Finance Circular 21/2007 dated 12/11/07 section 7.4.2

Table 15.5: Details of variance as per FMIS and Department's Record

Details	Balances (\$)
FMIS	179,519
Departments Record	202,894
Variance	23,375

The balance also include stale cheques amounting to \$1,537 that have not been regularised.

The anomalies imply that the monthly Drawing Account reconciliations may not have been thoroughly checked by the Senior Accounts Officer.

Recommendations

- The Department should immediately reconcile and adjust the variances noted between the FMIS and the Department's records.
- The Department should clear stale cheques in accordance with Section 7.5 of the Finance Manual.

Management Comments

The Department did not provide any comments.

15.9 VAT Reconciliation

Subject to the provision of the Vat Decree 1991, the tax shall be charged in accordance with the provisions of the 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.⁵

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.⁶

The scope of audit on the VAT records was limited as the Department did not maintain all records of monthly VAT Returns. As a result, the accuracy of VAT payments during the year could not be substantiated.

Recommendations

- The Department should ensure that records pertaining to VAT are properly maintained for reconciliation and audit purposes.
- 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

The Department did not provide any comments.

⁵ Value Added Tax Decree 1991 4th edition revised to 30/04/04 – section 15 (1)

⁶ Finance Circular No 9/95

15.10 FNPF Reconciliation

The current rate of contribution (effective 1st July, 1999) is 16 cents on each dollar earned, with the employer and employee each contributing 8cents 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 and is a punishable offence.⁷

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variances \$291,077. The details are shown in Appendix 15.2

Recommendation

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

Management Comments

The Department did not provide any comments.

15.11 Overpayment of Salaries

Salary Change Advice shall be prepared by Departments where they affect personal emoluments and deductions such as resignation and retirement.⁸ Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personal emoluments or deductions dismissal, resignations and retirement.⁹

The former Director Information, Mrs. Susan Grey¹⁰, resigned from the Public Service with effect from 15/10/07. The officer continued to be paid her salary until 18/11/07 resulting in the overpayment of salary amounting to \$4,129.

In 2006, the Officer was awarded a government scholarship to undertake postgraduate studies for one year with the University of the South Pacific. She failed to fully serve her bond obligation on her return from study leave before resigning from the service. According to a letter from the Public Service Commission dated 20/12/07, the officer owes the government \$14,276 for the remaining 4 months of her bond that she failed to serve.

Audit questioned the Department's decision in accepting Mrs. Susan Grey's resignation prior to her serving the full term of her bond obligation.

The overpayments of salaries imply the absence of adequate supervisory checks on payroll.

Recommendation

Salary overpayments should be recovered from the officer. If recovery is not possible, the Department should investigate the cause of the overpayment and surcharge responsible officers.

⁷ www.fnpf.com.fj –official web site address Fiji National Provident Fund

⁸ Finance Instruction 59(4)

⁹ 2005 Finance Instructions 26(1)

¹⁰ EDP No. - 49979

Management Comments

With the overpayment of salaries, effort is now underway to recover the overpaid amount from the officer. A letter has been delivered to the officer requesting for the reimbursement of the overpaid salary. Failing this, the department will take the next step which is to go through legal avenues available.

Please note that as of today, the Public Service Commission still has to issue a formal letter of approval for the officer's resignation, with the official date of resignation. This stems from the fact that the officer is contending that she has fully worked the period of her bond. The department has had a meeting with the Public Service Commission on this issue and the Commission has agreed to pursue the repayment process with the officer, as the signed bond document was made between the officer and the Public Service Commission. The Commission has also undertaken to write immediately to the officer for the recovery. The recovery contingencies outlined in your recommendation are noted and will be pursued depending on the nature of response from the officer concerned.

15.12 Unwarranted Expenditures

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over expenditures and corruption do not occur.¹¹

In December 2006, the Department was relocated to the Fiji Bank Employees Union (FBEU) Building on the directive of the Public Service Commission. To facilitate the relocation, the Department engaged various companies and individuals at a cost of \$24,509. The costs were incurred on carting of furniture, dismantling and setting up work stations and registry cabinets, and setting up and wiring for internet, telephone etc.

Six months into relocating to the FBEU Building, the Department was again directed to move back to its old office at Government Buildings. The Department incurred another \$16,762 to facilitate the relocation. Refer to the Table below for details:

Table 15.6: Details of Relocation

Company Name	Description of Services	Amount paid (\$)
Eagle Cleaning	Clean carpet & shampoo office	545.00
William & Goslings	Cartons for packing and cartage	1,475.33
Nakura Youth	Youth group engaged as labours	2,350.00
Ahmed Ali & Co.	Hired to dismantle all workstations and registry cabinets and set up in new premises	6,939.01
Transcomm	Connect FMIS Link	5,393.06
General	Overhead cost	59.21
Total		\$16,761.61

The expenditures totalling \$41,270 could have been avoided had proper planning and consultation were made prior to the relocation of the Department.

¹¹ Department's Finance Manual 2005 Part 2

Recommendation

The Department together with the Public Service Commission should ensure that proper economy is exercised always to avoid wastage of public funds.

Management Comments

The recommendation of the Audit team is noted. The Department had requested Public Service Commission for a bigger office space in early 2006. This was in anticipation of having the World Bank set up a Project Unit to facilitate the deregulation of the Telecommunication Industry. Apart from this process, a new Telecommunication Regulatory Authority would also be established and would have separate functions from the Department of Communication. All these units were proposed to be housed in the same building. In addition, the department's Public Relations unit was also housed in a different building and it was also anticipated that the unit would be housed in the same office building as the rest of the ministry. PSC therefore located and organised the move to the Fiji Bankers Association building in December 2006. The department was instructed to move back to government buildings by PSC in September 2007, as FICAC had identified the Fiji Bankers Association building as ideal for their purposes. Further queries on this issue should be directed to Public Service Commission who was the decision maker on this issue.

15.13 Provision of Acquittal for Capital Construction - National Archives

Where it is necessary to request another agency to perform works or services on the agencies behalf, the Accounts Officer may authorize the issue of a departmental warrant to the performing agency to carry out the works or services.¹² On receipt of an advice form from the performing agency, the clerical officer shall verify the warrant authority and check supporting documentation before accepting the charges.¹³

In 2007, a sum of \$1,702,467 was allocated through SEG 8 of the National Archives budgetary allocation for the continuation of the construction of the new National Archive building. The budgetary allocation was disbursed to Ministry of Works through the following Departmental Warrants:

- DW MOI 01/07 of 11/04/07 - \$702,467
- DW MOI 02/07 of 16/07/07 - \$1,000,000

Acquittals and supporting documents have yet to be provided by the Ministry of Works. The Department of Information has been following up with the Ministry of Works for the provision of acquittals but to no avail.

In addition, the *Form S*¹⁴ received and the charges posted to the Department's Inter-Department Clearance (IDC) account by the Ministry of Works exceeded the allocated appropriation by \$185,497. Refer to Table below for details:

Table 15.7: Details of Excess Charges

Date	DW No	DW Amount	Charges As Per IDC Account And Form S	Excess
11/04/07	MOI 1/07	\$702,467	\$1,887,964.94	\$185,497.94
16/07/07	MOI 2/07	\$1,000,000		

¹² Departments Finance Manual 2005 – Section 2.5.20

¹³ Department Finance Manual 2005 Section 2.5.23

¹⁴ Form S refers to a document that advises a charge that has been made to the Department's IDC account.

Instances where charges were posted to the IDC account but without any *Form S* provided to the Department were also noted and on other occasions *Form S* were received but the charges were not posted to the IDC allocation. Refer to Table 15.8 below for details:

Table 15.8: Details of Charges

Date	Ref No	Particulars	Remarks	Amount (\$)
26/10/07	-	Contract payment for roofing materials	No charges posted to IDC Account	32,680.00
29/10/07	411621	Materials, Plant Hire , wages etc	No charges posted to IDC Account	214.09
31/12/07	1411865	Works carried out at National Archives.	No charges posted to IDC Account	7,973.96
31/12/07	411757	No Form S	Posted to IDC Account	154,821.46
31/12/07	411758	No Form S	Posted to IDC Account	44,957.20
31/12/07	411855	No Form S	Posted to IDC Account	21,897.67
31/12/07	411909	No Form S	Posted to IDC Account	4,409.00
31/12/07	416310	No Form S	Posted to IDC Account	16,296.00
31/12/07	416328	No Form S	Posted to IDC Account	8,100.00
31/12/07	416330	No Form S	Posted to IDC Account	197,121.04
31/12/07	416343	No Form S	Posted to IDC Account	20,296.00
31/12/07	416344	No Form S	Posted to IDC Account	224,553.14
31/12/07	411979	No Form S	Posted to IDC Account	1,940.00
31/12/07	411980	No Form S	Posted to IDC Account	8,136.14
31/12/07	411983	No Form S	Posted to IDC Account	3,768.58
TOTAL				747,164

The provisions of acquittals and supporting documents are important to substantiate that funds have been utilised for their intended purposes.

Recommendation

The Department should regularly reconcile its records with Ministry of Works to ensure that expenditures incurred are related to the project and charged to the relevant allocation.

Management Comments

The Department agrees with the recommendation of the Audit team. As noted, the Department had made repeated efforts to obtain acquittals from PWD. It is also noted that the majority of the charges were passed to the Department dated 31/12/2007. The Department was not given sufficient time to verify the charges passed to it through the IDC account, as in normal inter-departmental transactions. In fact for the last three years of this project, it has been the same story with PWD and the Department is in fact frustrated with their tactics as well. It is recommended that a thorough audit of their books be conducted to verify the charges. PWD needs to more transparent and forthcoming with the provision of information for the purpose of acquittals

With reference to the over-expenditure of the DW issued, again, as mentioned charges were passed to the department at the 11th hour when the pressure was on from Ministry of Finance to bring the IDC accounts to zero balance. The department had accepted the charges only because there were sufficient funds available in the project vote to absorb the charges.

Appendix 15.1 – Statement of Output Costs

Policy and Administration 2007

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	252,049	471,266
Unestablished Staff	67,201	58,643
Travel & Communication	67,543	70,426
Maintenance & Operations	123,044	65,927
Purchase of Goods & Services	46,400	212,118
Operating Grants & Transfers	1,017,858	1,007,161
Special Expenditure	121,710	236,497
Total Operating Costs	1,695,805	2,122,038
Value Added Tax	82,923	127,850
TOTAL EXPENDITURE	1,778,728	2,249,888

Film and Television Unit 2007

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	235,937	227,950
Unestablished Staff	36,206	30,926
Travel & Communication	17,072	24,834
Maintenance & Operations	16,553	34,579
Purchase of Goods & Services	40,387	85,258
Total Operating Costs	346,155	403,547
Value Added Tax	24,277	47,519
TOTAL EXPENDITURE	370,432	451,066

News and Publications 2007

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	370,414	336,672
Unestablished Staff	-	-
Travel & Communication	25,033	49,902
Maintenance & Operations	5,092	11,996
Purchase of Goods & Services	72,873	100,472
Special Expenditure	587	2,410
Total Operating Costs	473,999	501,452
Value Added Tax	27,362	72,039

Description	2007 \$	2006 \$
TOTAL EXPENDITURE	501,361	573,491

National Archives 2007

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	232,467	210,143
Unestablished Staff	17,752	15,669
Travel & Communication	4,634	4,914
Maintenance & Operations	44,377	58,071
Purchase of Goods & Services	36,522	11,588
Operating Grants & Transfers	700	667
Total Operating Costs	336,452	301,052
Capital Expenditure		
Capital Construction	1,688,406	781,211
Total Capital Expenditure	1,688,406	781,211
Value Added Tax	238,217	108,585
TOTAL EXPENDITURE	2,263,075	1,190,848

National Reconciliation Unit 2007

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	199,222	-
Unestablished Staff	23,374	-
Travel & Communication	14,590	-
Maintenance & Operations	22,451	-
Purchase of Goods & Services	29,075	-
Special Expenditure	285,014	-
Total Operating Costs	573,726	-
Value Added Tax	38,805	-
TOTAL EXPENDITURE	612,531	-

Telecommunication Regulatory Unit 2007

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	-	264,659
Unestablished Staff	-	8,274
Travel & Communication	-	22,677
Maintenance & Operations	-	16,582
Purchase of Goods & Services	-	8,165
Operating Grants & Transfers	-	156,262
Total Operating Costs	-	476,619

Description	2007 \$	2006 \$
Value Added Tax	-	33,320
TOTAL EXPENDITURE	-	509,939

Appendix 15.2 : FNPF Reconciliation

(a) Total FNPF against salaries and wages for 2007			
			\$
	FNPF as per the financial statement- Established Staff	82,063	
	- Unestablished Staff	9,031	
	- Project Staff	2,270	
			93,364
<i>Add:</i>	December 2007 FNPF paid in Jan 2008		9,145
			102,509
<i>Less:</i>	December 2006 FNPF paid in Jan 2007		12,407
	FNPF Payments for 2007		90,102
	Gross pay subject to FNPF (\$90,102 divide by 0.08)		1,126,275
(b) Salaries and wages for 2007 subject to FNPF:			
	Salaries, wages and allowance as per financial statement – Established Staff	1,208,026	
	- Unestablished Staff	135,501	
	- Project Staff	73,825	1,417,352
			1,417,352
<i>Less:</i>	Salaries, allowance and wages not subject to FNPF.		-
			1,417,352
	Variance		291,077

Section 16

Fiji Military Forces

Programme Statement

Under Republic of Fiji Military Forces Act CAP 81, the RFMF is charged with, and responsible for the defence and state security of Fiji in the maintenance of Law and Order in land and sea, in support of the Police, Maritime Surveillance of Fiji's Maritime Zone and relevant departments. It also provides forces to international peacekeeping operations in line with Government foreign policy on world peace, troops with engineering expertise for nation building, in the area of rural infrastructure development and youth training for life skills. In relation to these tasks, the following deliverables or responsibilities are undertaken in the following budgeted activities:

Policy & Administration

- Strategic Analysis and Policy Advice to Commander RFMF.
- Strengthen defence co-operation with other forces.

Logistic Support Unit

- Purchase of Stores & Supplies
- Provide medical and maintenance services

3 FIR

- Regular Infantry training and exercise
- Assistance to Police Team
- Security Role
- Disaster Response

FMF Engineers

- RFMF Youth Trade Training
- Infantry Battalion Converts

FMF Naval Division

- Law Enforcement at Sea
- Search and Rescue Service
- Underwater Explosive Ordinance Disposal.

Territorial Forces

- Support Service to Infantry Battalion & Peacekeeping Operations Overseas.

Iraq Mission

- Deployment of troops to the United Nations Assistance Mission Iraq.

Peacekeeping Force, Sinai

- Provision of Peacekeeping troops to MFO

Force Training Group

- Training of New Recruits
- Promotions Training
- Overseas deployment training

Land Force Command

- General Administration and Operation of Land Forces

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FINANCIAL STATEMENT

16.1 Audit Opinion

The audit of the 2007 accounts of the Fiji Military Force resulted in the issue of a qualified audit report.

The qualifications are as follows.

- a) 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 Force under each output.
- b) The Force 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 Force as at 31/12/07 had operating trust funds totalling \$2,074,387.
- c) The Force incurred over expenditure of \$45,454,514 in 2007. Although Cabinet has approved that the Minister of Finance validate the over expenditure, funds were not re-deployed to the budgetary allocations for RFMF to off set the over expenditure.

16.2 Statement of Receipts and Expenditures

The Fiji Military Forces incurred a total expenditure of \$126,285,114 in 2007 compared to \$100,247,861 in 2006.

Table 16.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue	101,206	163,915
Agency Revenue	781,587	35,522
TOTAL REVENUE	882,793	199,437
EXPENDITURES		
Operating		
Established staff	82,623,677	71,167,760
Unestablished staff	252,666	295,682
Travel & communication	1,634,152	1,101,424
Maintenance & Operations	3,744,285	3,362,641
Purchase of goods & services	29,943,740	12,720,267
Operating grants & transfers	0	0
Special expenditures	113,778	1,115,195
Total Operating Expenditure	118,312,298	89,762,969
Capital Expenditures		
Capital Construction	0	444,742
Capital Purchase	110,291	175,953
Capital Grants & Transfers	0	0
Total Capital Expenditure	110,291	620,695
Value Added Tax	7,862,525	9,864,197
TOTAL EXPENDITURES	126,285,114	100,247,861

16.3 Statement of Output Costs

The Statement of Output Costs consolidates the 6 outputs prescribed in the Budget Estimates. These are detailed in Appendix 16.1.

16.4 Appropriation Statement

The Fiji Military Force incurred expenditures totalling \$126,285,114 in 2007 against the budget of \$80,739,600 resulting in an over-expenditure of \$45,545,514 or 56%.

Details of expenditures against the budget estimates are provided in Table 16.2.

Table 16.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry-Over \$	Lapsed Appropriation \$
1	Established Staff	62,999,100	0	62,999,100	82,623,677	0	(19,624,577)
2	Unestablished Staff	250,300	0	250,300	252,666	0	(2,366)
3	Travel & Communication	502,400	0	502,400	1,634,152	0	(1,131,752)
4	Maintenance & Operations	2,709,800	0	2,709,800	3,744,285	0	(1,034,485)
5	Purchase of Goods & Services	3,922,400	0	3,922,400	29,943,740	0	(26,021,340)
7	Special Expenditure	704,500	0	704,500	113,778	0	590,722
	Total Operating Costs	71,088,500	0	71,088,500	118,312,298	0	(47,223,798)
	Capital Expenditure						
8	Construction	500,000	0	500,000	0	0	500,000
9	Purchases	180,000	0	180,000	110,291	0	69,709
10	Grants & Transfers	0	0	0	0	0	0
	Total Capital Expenditure	680,000	0	680,000	110,291	0	569,709
13	Value Added Tax	8,971,100	0	8,971,100	7,862,525	0	1,108,574
	TOTAL EXPENDITURE	80,739,600	0	80,739,600	126,285,114	0	(45,545,514)

16.5 Statement of Losses

The RFMF did not report any loss of money or fixed assets during the financial year ended 31/12/07.

16.6 Trading and Manufacturing Activity – Profit and Loss Statement

A profit of \$3,855 was recorded in the Trading & Manufacturing account for 2007. Details are provided in Table 16.3.

Table 16.3: Profit and Loss Statement for 2007

Description	2007 (\$)
INCOME	
Sales Cash	158,055
Total Income	158,055
EXPENSES	
Fuel & Oil	21,480
R & M of Fixed Assets	123,316
Special Fees & Charges	220
VAT TMA	9,183
Total Expenses	154,199
NET PROFIT	3,855

AUDIT FINDINGS

16.7 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 Fiji Military Forces submitted its Agency Financial Statement for audit on 13/05/08 and was not prepared in accordance with section 82 and Schedule 1 of the Finance Instructions 2005. A lot of changes were made and the accounts were re-submitted late.

The following anomalies were noted:

- 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 RFMF under each output. In addition, a variance of \$594,909 was noted between the total costs of the Statements of Output Cost and the total expenditures in the Statement of Receipts and Payments for 2006.
- A Trust Fund Statement of Receipts and Payments was not submitted for audit.
- The Profit and Loss Statement for the Trading and Manufacturing Activity was incomplete. The comparative figures for 2006 were not provided in the financial statements.

Non compliance with Finance Instructions in the preparation of the financial statements has restricted the scope of the audit.

Recommendation

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

Management Comments

Management comments were not received.

16.8 Excessive Over-Expenditure

No officer may incur expenditure which results in the agency's appropriation being exceeded without the proper authorisation of the Ministry of Finance, pending approval by Parliament.³

¹ Finance Instructions 2005 – 81 (2)

² Finance Instructions 2005 – 81 (3)

³ Finance Instructions 2005 – Section 8

Audit analysis of the Expenditure Statement for the year ended 2007 revealed that the RFMF had over spent its annual budget allocations for Established Staff, Travel and Communication, Maintenance and Operation and Purchase of Goods and Services. The total over-expenditures for the four SEGs amounted to \$47,812,154. Refer to Table 16.4 for details:

Table 16.4: Details of Over Expenditures

SEG	Description	Budget Allocation (\$)	Expenditure (\$)	Variance (\$)	Variance (%)
1	Establish Staff	62,999,100	82,623,677	(19,624,577)	31
3	Travel and Communication	502,400	1,634,152	(1,131,752)	229
4	Maintenance and Operation	2,709,800	3,744,285	(1,034,485)	29
5	Purchase of Goods and Services	3,922,400	29,943,740	(26,021,340)	662
Total				\$47,812,154	

Excessive over-expenditures are a clear indication of mismanagement of public funds and ignorance of standing financial instructions.

Recommendations

- **The senior officers of the RFMF should ensure that the RFMF operates within its budget.**
- **Expenditures should be reviewed against the budget allocation on a monthly basis and reported to management for effective and efficient decision-making.**

Management Comments

Management comments were not received.

16.9 Trust Fund Account

When invoices or claims for payments are received, the payables officer shall record details in an accounts payable ledger. The accounts payable ledger shall record all claims for payment except for procurement invoices, which shall be recorded in the commitment ledger.⁴

Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Accounts Officer shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement. Any errors or misallocations must be immediately adjusted by way of journal vouchers.⁵

The Trust Fund Account should not be overdrawn.⁶

According to Appendix 23B of the Accounts and Finances, the balance of the operating trust fund account as at 31/12/07 was \$2,074,387.

The Trust Fund records revealed that reconciliations for 55 Trust Fund accounts were not prepared for the months of January to November. Although the reconciliation for December 2007 was submitted for audit, the accuracy of the reconciliation is questionable.

⁴ Finance Manual-Fiji Military Forces 2005. Section 13.1.1

⁵ Finance Manual-Fiji Military Forces 2005. Section 16.3.3 – 16.3.4

⁶ Office of the Auditor General Trust Fund Guide (5)

A total of 34 Trust Fund accounts had debit closing balances, which indicate that they were overdrawn. Refer to Table 16.5 for details:

Table 16.5: Overdrawn Trust Fund Accounts

No.	Account No.	Account name	Debit Closing Balances (Overdrawn) - \$
1	1-19101-19999-860103	Tender deposit	672
2	1-19101-19999-861307	Home Finance	4,805
3	1-19101-19999-861902	Deposits Account Receivable	2,363
4	1-19101-19999-861920	FNPF	954,038
5	1-19101-19999-861105	Public Rental Board	269
6	1-19101-19999-861204	LICI	30,155
7	1-19101-19999-861299	PD Others	15,006
8	1-19101-19999-861308	FDB housing	27,959
9	1-19101-19999-861401	Rent refund	231
10	1-19101-19999-861501	Fiji Public Service Association	150,910
11	1-19101-19999-861502	Fijian Teachers Union	18
12	1-19101-19999-861504	Fiji Reg. Nurse Assn	994
13	1-19101-19999-861505	Viti National Union	821
14	1-19101-19999-861532	Public Employees Union	26
15	1-19101-19999-861601	Maintenance Suva	1,806
16	1-19101-19999-861602	Maintenance Nausori	834
17	1-19101-19999-861605	Maintenance Ba	1,444
18	1-19101-19999-861606	Maintenance Lautoka	1,577
		Maintenance Nadi	1,125
19	1-19101-19999-861608	Maintenance Sigatoka	345
20	1-19101-19999-861609	Maintenance Labasa	708
21	1-19101-19999-861611	Maintenance Savusavu	34
22	1-19101-19999-861702	Rates Nausori	240
23	1-19101-19999-861706	Rates Lautoka	214
24	1-19101-19999-861715	Rates Lami	1,490
25	1-19101-19999-861716	Rates Nasinu	2,407
26	1-19101-19999-861799	Rates Other	3,141
27	1-19101-19999-861906	CAMV	1,607
28	1-19101-19999-861911	Sports & Social	27,303
29	1-19101-19999-861603	Miscellaneous Fund Open Item	36,891
30	1-19103-19999-861920	PD Employees benefit	5
31	1-19107-19999-861999	Payroll	256,620
32	1-19110-19999-861599	Others	80
33	1-19106-19999-861533	Wesram Finance	2,830
34	1-19106-19999-861521	Sacred Heart	422
		Fiji Nursing Association	809
TOTAL			1,530,198

Failure to carry out regular monthly and accurate reconciliations is a breach of the Finance Instructions. The closing balance of the Trust Fund reconciliation for December cannot be relied upon as correct since reconciliations were not prepared for the months of January to November 2007.

Recommendations

- **The Accounts Officer should ensure that Trust Fund reconciliations are carried out monthly.**

- The Officer in charge of the Accounts Sections should be held accountable for failing to comply with the Finance Instructions regarding the preparation of reconciliations for the Trust Fund accounts.
- Supervisory checks on monthly reconciliations should be improved.

Management Comments

Management comments were not received.

16.10 Purchase and Payments of Military Stores/Equipment

Tenders must be called for the procurement of goods, services or works that cost over \$20,000.⁷

The Officer in Charge of the accounts must not certify a payment as correct unless they are satisfied that there is documentation that goods, services or works have been received.⁸

The RFMF was allocated \$964,928 under SEG 5 of the 2007 Budget Estimate for purchase of various military stores and camp equipment. According to various correspondences sighted during the audit, the RFMF purchased various military stores and equipments from several suppliers costing \$21,148,852 for which funds were not allocated in the budget. This resulted in an over expenditure totalling \$20,183,924.

Standard government procurement procedures such as obtaining approval from the Major Tenders Board were not complied with. However, the RFMF later sought retrospective approval from the Minister for Finance through a Cabinet paper IGCP (07)291 for the over-expenditure and waiver of approval by the Major Tender Boards. In seeking retrospective approval, the RFMF stated that the expenses incurred were essential for the events of 5th December 2006. In its meeting on 14/08/07, Cabinet approved that the Minister of Finance exercise his powers under Section 34 of the Financial Management Act to validate the excess expenditures of \$21,148,852.

Physical verification of goods that was carried out during the audit indicated that some stores have yet to be received by the RFMF although payments had already been made. Refer to Table 16.6 for examples:

Table 16.6: Items paid but not received

Schedule Ref.	S/ No.	Description of Goods	Supplier	Amount Paid (\$)	Status/Comments
1	01	Rip Stock	Lotus Garments	696,000	Only \$218,080.00 worth of goods received
1	02	Socks Green	Lotus Garments	65,000	Goods not received
1	03	Army/Navy Accessories	Lotus Garments	2,878,633.50	Goods not received
1	05	Hat Jungle	Crown Imports	75,000	Goods not received
1	06	Staple Belt	Deluxe Footwear	96,000	Goods not received
1	13	Parker Nylon Green	Lotus Garments	506,000	Goods not received

⁷ Finance Instructions 2005 Section 12(4)

⁸ RFMF Finance Manual s 2.8.3(ii)

Schedule Ref.	S/ No.	Description of Goods	Supplier	Amount Paid (\$)	Status/Comments
2	01	UN Accrouments	Lotus Garments	99,500	Goods not received
2	04	Stretcher bed uniforms	Crown Imports	125,950.00	Goods not received
2	06	Military Tentage	Daewoo Ltd	736,305.00	Goods not received
2	08	Infantry camping stores	Lalas Bargain	57,375.00	Goods not received
		Total		5,335,763.5	

A physical verification of the items purchased revealed that most have not been used and were lying idle in the Store Room and items such as Hat Jungle and Anti Blastic Glasses were not needed in 2007 because there were stock left from previous years or not used during the year. Refer to Table 16.7 for details:

Table 16.7: Over stocking of items

S/No.	Order No.	Description	Supplier	Cost (\$)	Quantity Purchased	Quantity Received	Quantity Not Used
05	019102-824	Hat Jungle	Crown Imports	75,000	3,000	3,000	3,000
07	019102-826	Beret Green	Deluxe Footwear	105,000	3,000	3,000	2,130
11	-	Polytherm Box – 40 litres	Crown Imports	19,900	-	100	51
12	-	Polytherm Box – 35 litres	Crown Imports	28,500	-	100	95
07	019102-1795	Anti Ballistic Glasses	Daewoo Ltd	736,305	4,000	4,000	4,000
08	019102- 824	Thermo Mat Green	Crown Imports	135,000	1,500	1,500	768
03	019102- 653	RFMF Ceremonial Dress	Lotus Garments	147,000	1,200	1,200	1,100
01	019102- 817	Rip Stock	Lotus Garments	696,000	22,000	3,760	1,293

* Details such as LPO number and quantity for purchase of Polytherm 40 litres and 30 litres box were not provided.

Some of the stores purchased did not relate to the event of 5th December 2006. These included purchase of Protective Equipment from Lotus Garments for \$4,496,750 and Anti Blastic Glasses from Intouch.Net/Daewoo Limited for \$680,000, which were purchased specifically for overseas missions.

The above issues have been constantly raised in the previous year's audit reports and indicate RFMF's continuous disregard of government financial regulations pertaining to purchases and payments of goods and services.

Recommendations

- The RFMF should adhere to the policies, procedures and guidelines as per RFMF Finance Manual 2005 for procurement of goods and services.
- Excessive purchasing of goods and services not budgeted for should be avoided.

Management Comments

Management comments were not received.

16.11 Quarters Deductions and Overpayment of Lodging Allowance

All officers occupying Government quarters of whatsoever type or self contained flats will be required to pay rent at the rate of 8% of basic salary with maximum limits of rent for different grades of quarters as follows.⁹

GRADE	RENTAL PER ANNUM (\$)
Special Grade	1,600
Grade I and II	1,400
Grade III	1,200
Grade IV	1,000
Grade V	720
Grade VI and below	480

The Commander might grant to married soldiers, up to and including Warrant Officers, a lodging allowance to help pay the cost of rent, water and lighting charges incurred while they are not in occupation of an official quarter.¹⁰

Lodging allowance will not be paid from the date of allocation of any army quarter.¹¹

A follow-up on the issues raised in 2006 revealed that direct salary deductions have commenced for those highlighted in the report. However, the fortnightly deductions of \$50 for Mr. Esala Teleni ceased from Pay 19/07 when he was appointed Commissioner of Police. The balance of \$2,722.90 has yet to be recovered.

A review of a sample of the RFMF Officers Housing Allocation (QEB) and the Other Ranks Married Quarters and Tenancy Return revealed that officers were still occupying Grade IV government quarters without any quarter's deductions or occupying army quarters and also receiving lodging allowances. Refer to Table 16.8 for details:

Table 16.8: Outstanding deductions and unpaid lodging allowances

Reg. No.	Officers' Name	Unit	Date Occupied The Quarters	Total Quarters Deductions Owed (\$)
<i>Outstanding Quarters Deductions:</i>				
25077	Major Jonisio Mara	Strategic HQ	17/02/07	230.76
<i>Overpaid Lodging Allowances:</i>				
26607	LCPL Vatemosi To	QEB SVC SPT	23/11/05	1,598.50
27163	CPL Wame Vueti	ENGR	03/05/02	322.00

The lack of communication between Commanders of these different units and the Payroll Section resulted in these overpayments of lodging allowances.

⁹ General Orders 607

¹⁰ RFMF Standing Orders Volume 1 – Paragraph 17.55

¹¹ RFMF Standing Orders Volume 1 – Paragraph 17.58 (b)

Recommendations

- **Payment of lodging allowances to those officers who are not eligible to receive such allowances should be recovered from them.**
- **Direct salary deductions should be instituted to recover outstanding rent.**
- **The RFMF should ensure that respective Commanders of each units and stations inform the Payroll Section when an officer moves into an allocated Army Quarters.**
- **Officers should be made aware of the RFMF Standing Orders and that it is also their individual responsibility to inform the Administration and Accounts Sections if they are receiving allowances they are no entitled to.**

Management Comments

Acknowledge and confirm issues raised above, however the following was highlighted during discussions with the audit team when the matter was brought to our attention:

- The amount owed by Commodore Teleni [\$2,722.90] as rent arrears can no longer be recovered through the RFMF payroll as his salary has since been processed by the police force thus the cessation of deduction as a recovery measure.*
- The overpayment of lodging allowance to soldiers provided with official quarters is a recurring issue, as it is an administrative issue as correctly highlighted by the auditors.*

Overpayments as shown in the table above have been fully recovered by way of deductions from pay. Reconciliation of the payroll with the force-housing list is ongoing as a measure to avoid or minimize overpayments.

16.12 Accounting Records Not Properly Maintained

All local purchase orders, indents and other commitments of funds are to be recorded in the financial management information system or a commitment ledger immediately after they have been approved.¹² All payments, including VAT, must be immediately recorded in the financial management information system or an Expenditure Ledger.¹³

The implementation of the FMIS at the RFMF came into effect on 01/07/07. As such, all commitments and expenditures incurred for the period 01/01/07 to 30/06/07 should be maintained manually in the Commitment and Expenditure Ledgers.

The RFMF did not adequately maintain an accurate and updated Expenditure Ledger and Cash Book for the period 01/01/07 to 30/06/07. Several allocations in the Expenditure Ledger have large number of transactions that were not recorded, which resulted in significant variances, when compared with the Cash Book. Refer to Table 16.9 for details:

Table 16.9: Details of Variances

ALLOCATIONS	EXPENDITURE LEDGER BALANCE (\$)	CASH BOOK BALANCE (\$)	VARIANCE (\$)
Vaccination/Reagents	3,000	231,648	228,648
Local Travel	420,023	592,758	172,735

¹² Finance Instruction 2005 Section 18

¹³ Finance Instruction 2005 Section 20

ALLOCATIONS	EXPENDITURE LEDGER BALANCE (\$)	CASH BOOK BALANCE (\$)	VARIANCE (\$)
Fuel & Oil	206,881	428,718	221,837
Laundry Services	16,740	51,898	35,158
Telecommunication	264,751	236,008	(28,743)
Power supply	284,618	386,231	101,613
Water sewerage and fire charges	16,947	18,432	1,485

The above balances are for the period of 6 months only (1/1/07 – 30/6/07)

Payments made for the periods 14/5/07 – 30/5/07 and 12/6/07 – 31/10/07 were also not recorded in the Cash Book.

The above indicates poor supervisory checks and controls in the Accounts Section. Failure to properly maintain Commitment/Expenditure Ledger and Cash Book increases the risk of fraud and misappropriation of public funds and could also result in double payments and mispostings of expenditures.

Similar issues have been raised in the previous audit reports.

Recommendations

- The RFMF should update its books for 2007.
- Supervisory checks and controls in the Accounts Section should be improved.
- Since this issue has been continuously raised in the audit report, the RFMF should consider disciplinary action against officers responsible for maintaining the Expenditure Ledger and Cash Book.

Management Comments

Recommendations have been noted.

The Expenditure Ledger has now been updated for 2007 and the RFMF will ensure that internal control measures be put in place to address this on going issue

16.13 Tenders Not Called For Supply of Goods and Services

The Chief Executive Officer must obtain at least 3 written competitive quotes for any procurement of goods, services or works that cost more than \$100 but less than \$20,000.¹⁴

Tenders must be called for the procurement of goods, services or works that cost over \$20,000.¹⁵

The RFMF purchased goods and services totalling \$1,125,030 from a preferred selection of suppliers that did not go through the normal tender process nor were competitive quotations obtained for supply of goods and services. Refer to Table 16.10 for details:

¹⁴ Finance Instructions 2005 12(1)

¹⁵ Finance Instructions 2005 12(4)

Table 16.10: Payment to other suppliers

Suppliers	Goods/Services Obtained	Cost Of Goods/Services Obtained During 2007 (\$)
Suncourt Hardware	Supply of building materials and hardware	204,793.00
Vinod Patel	Supply of building materials and hardware	50,439.00
Parmars Footwear	Supply of desert military boots	87,200.00
Priyas Laundry	For laundry services	51,898.00
Kasabia	Supply of building materials and hardware	30,613.00
Mass Stationery	Purchases of stationeries	390,589.30
Extreme Stationery	Purchase of stationeries	202,087.73
Dee Cees	For Transportation Services	107,410.00
TOTAL		1,125,030.03

While the need of service may be urgent, it certainly does not necessitate deviations from policies and guidelines governing the purchase of good and services. Failure to do so could result in unauthorised procurements and over-expenditures.

Recommendation

The RFMF should adhere to the procurement policies and guidelines in the Finance Instructions 2005 and the RFMF Finance Manual.

Management Comments

The purchases highlighted above were part of the \$21m approval by cabinet for the waiver of the Tender Board process and the Minister of Finance's retrospective approval for the validation of 'Operation Sasamaki' accounts and purchases'. Refer to IGCP (07)291 dated 14 Aug 07. Validation of expenses incurred by RFMF.

16.14 Discrepancies in Payments

A local purchase order (LPO), indent, departmental warrant, contract or agreement must be issued before goods, services and works are received.¹⁶ Payment should be made on original invoices.

The RFMF purchased stationery and office supplies costing \$271,508 from Mass Stationery in 2007 where in numerous instances local purchase orders were not issued. Refer to Table 16.11 for examples:

Table 16.11: Payments made without LPO

DATE	SUPPLIER	INVOICE No.	AMOUNT (\$)	PARTICULARS
14/01/06	Mass Stationery	23191	2,760.00	4 m/y hp016
14/01/06	Mass Stationery	23192	2,835.00	5 canon E30
14/01/06	Mass Stationery	23707	2,530.45	4boxcomp file
16/07/06	Mass Stationery	24220	1,820.00	4 only photocopier
20/07/06	Mass Stationery	23782	1,160.50	3128MB USB
24/07/06	Mass Stationery	24221	2,550.00	5HP 96A
24/07/06	Mass Stationery	23773	1,450.00	50 only biding tape
24/07/06	Mass Stationery	23783	1,149.60	4 box suspension file
11/08/06	Mass Stationery	24219	1,580.00	4 only Samsung toner

¹⁶ Finance instructions 2005 17(2)

DATE	SUPPLIER	INVOICE No.	AMOUNT (\$)	PARTICULARS
14/08/06	Mass Stationery	23784	89.00	1 ream ruled fulscap
26/08/06	Mass Stationery	24253	2,835.00	5 canon toner
10/09/06	Mass Stationery	23193	2,465.60	4 only USB drive
15/09/06	Mass Stationery	24254	1,580.00	4 Toshiba toner
20/10/06	Mass Stationery	24256	1,750.00	5 minolta dnr
20/12/06	Mass Stationery	23772	2,045.00	3 photocopier toner

Verification of payment vouchers noted instances where payments for goods and services were processed based on photocopied invoices and supporting documents. Refer to Table 16.12 for examples:

Table 16.12: Payment made on photocopied invoices

DATE	VOUCHER No/ORDER No	AMOUNT (\$)	SUPPLIERS	DISCREPANCY
10/11/06	676536	825.00	Hanson Supermarket	Payments made based on photocopied invoices.
23/11/06	672808	679.40	Tebara Halal Meats Ltd	
30/11/06	672862	849.00	Tebara Halal Meats Ltd	
30/11/06	672863	341.00	Tebara Halal Meats Ltd	
08/12/06	672934	366.80	Tebara Halal Meats Ltd	
31/12/06	673371	6,748.50	Tebara Halal Meats Ltd	
09/01/07	673500	391.00	Tebara Halal Meats Ltd	
09/01/07	673547	1,143.00	Tebara Halal Meats Ltd	
16/01/07	673785	970.00	Tebara Halal Meats Ltd	
14/02/07	674645	2,060.00	RFMF Farm	
23/03/07	9180	7,691.60	Wingate Marketing Ltd	Payment voucher could not be identified.
12/06/07	761035	1,277.80	RESL	No invoice attached to payment voucher.
25/06/07	674143	6,720	Penlass Glass	No supporting documents attached to payment voucher.
25/06/07	674810	1,052.21	Vinod Patel	No invoice attached to payment voucher.
12/12/07	8006	18,510.00	Top line Electrical Services Ltd	Payment voucher could not be located.

The issue has been continuously highlighted in the previous audit reports, however, the RFMF has yet to take heed of the audit recommendations and comply with the relevant finance instructions. The risks of fraud, misappropriation and double payments are high if the RFMF continues to ignore internal controls that are in place.

Recommendations

- **The RFMF must ensure that purchase orders are issued for all purchases made.**
- **Splitting of LPOs to avoid proper approvals should cease and disciplinary actions should be instituted on those that do not comply with the Finance Instructions.**
- **Processing of payments should be made according to the Finance Instructions 2005.**
- **The RFMF should cease making payments on the strength of photocopied invoices and LPO's.**
- **Officers who continue to deviate from the finance instructions in carrying in their duties should be disciplined.**

Management Comments

We acknowledge that this is contradictory to Government Finance Regulations. However, we had to resort to using photocopied invoices to effect payment when the original copies cannot be located. Misplacement of original copies of invoices was the result of the relocation of accounting offices and movement of documents within the offices during the reporting period. Under these circumstances, we had checked and confirm that there were no payments done prior.

16.15 Supply of Fresh Vegetable and Root Crops

Purchases of goods and services should be made from the suppliers approved by the Major Tenders Board.

A report shall be submitted to the Controller of Government Supplies by the Head of Department concerned in the event of unsatisfactory performance by the contractor.¹⁷

The Major Tender Board in its meeting on 15/12/05 awarded the tender¹⁸ for supply of fresh vegetables and root crops to RFMF to Qalovakawalu Farmers (first option) and Draidrai Enterprise (second option).

While the RFMF purchased fresh vegetable and root crops from the approved suppliers, 98% of its supplies were purchased from suppliers other than those approved by the Major Tender Board. Refer to Table 16.13 for details:

Table 16.13: Purchases from other suppliers

NAME	COST OF SUPPLIES PURCHASED - 2007 (\$)	% OF TOTAL SUPPLIES PURCHASED
Qalovakawalu Farmers (Supplier approved by MTB)	16,039.25	1.3%
Draidrai Enterprise (Supplier approved by the MTB)	2,552.85	0.2%
Joes Farm	330,362.00	27.0%
Freshet International	431,059.00	35.5%
RFMF Farm	438,864.44	36.0%
TOTAL	1,218,877.54	

The approved suppliers were not able to provide the sufficient quantity and quality of goods as required by the RFMF, which implied that the suppliers approved by the Major Tender Board did not have the capacity to provide consistent supply of goods to the RFMF. As such the RFMF have made purchases from other suppliers at prices higher than the contracted prices.

Minutes of various meetings of the Logistic Support Unit revealed that the Controller of Government Supplies has not responded to the problem faced by the RFMF regarding the supply of fresh vegetables and root crops.

There were also instances where descriptions of the product supplied by certain suppliers were not properly stated on the invoices, making it difficult to ascertain whether correct prices were charged for the supply of goods. Refer to Table 16.14 for examples:

¹⁷ Supplies and Services Instructions 38

¹⁸ Tender No CTN 06/2005

Table 16.14: Unclear description on invoices

SUPPLIERS	ITEM	AUDIT COMMENTS
Joes Farm	Carrots	Price for local and imported carrots defers. The invoice does not state whether it's local or imported product.
	English cabbage	Price for local and imported English cabbage defers. The invoice does not state whether it's local or imported cabbage.
	Garlic pre packed	Price for garlic depends on the weight per pack. The invoice does not state the weight per pack of garlic supplied.
	Mixed vegetables	Price for mixed vegetables depends on the weight per pack. The invoice does not state the weight per pack of mixed vegetables.
	Orange	Local and imported oranges have different prices. The invoice does not state whether it's local or imported orange.

If the product description and prices are not clearly stated on the invoices, the officer receiving the goods would not be in a position to adequately determine if the prices charged by suppliers are correct.

Procurement of goods and services from suppliers other than those approved by the Major Tender Board implied unauthorised purchases.

Recommendations

- **The RFMF should continue to report to the Controller of Government Supplies instances of unsatisfactory performance by the approved contractors.**
- **Invoices should be verified upon delivery of goods and if prices differ from the price list, suppliers should be notified immediately.**

Management Comments

This is to record that RFMF made formal consultations with representatives from Government Supplies in regards to the inconsistent service provided by Suppliers authorized by the Major Tender Board. The demand for the commodities in question comes daily and therefore RFMF cannot wait for delayed responses because we need to feed our troops and as a consequence we turn to other reliable suppliers when the approved supplier could not meet our demands.

We have done this on many occasions through consultation with the suppliers to rectify the problem. We have our reputable and consistent suppliers that lost out in the bid and were not considered by the Major Tender Board because of the requirement of the SDL Government through the Social Justice Act to promote indigenous business participation. Qalovakawalu Farmers and Draidrai Enterprises were two indigenous businesses that were awarded first and second preference respectively by the Major Tender Board, but our dealings with Qalovakawalu Farmers were inconsistent and ultimately they gave way to more consistent suppliers when they were not able to sustain the demand we placed on them.

We had advised the supplier that they will have to remain with the contracted price even if they have to supply imported items to RFMF during the off season locally.

16.16 Supply of Meat, Egg and Dry Goods

Purchases of goods and services should be made from the suppliers approved by the Major Tenders Board.

A report shall be submitted to the Controller by the Head of Department concerned in the event of unsatisfactory performance by the contractor.¹⁹

The Major Tender Board in its meeting 15/2005 of 6/09/05 awarded the tender for the supply of various frozen foods to Tebara Halal Meat, Pacific Organic Ltd., Joe's Farm, Fresh'et and Ashabahi & Co. The main supplier of dry goods is Government Supplies Department.

The RFMF incurred expenditures of more than \$1 million annually for the supply of meat, eggs and dry goods from various local suppliers. Suppliers other than those approved by the Major Tender Board were engaged to supply meat, eggs and dry goods. The total costs of goods provided by these suppliers are shown in Table 16.15.

Table 16.15: Purchases from other supplies other than MJTB approved

Suppliers	Total Cost For 2007 (\$)
Rooster Poultry Ltd	117,787
Ram Sami & Sons Ltd	30,792
New Word Supermarket	92,124
Hansons supermarket	95,885
Wing Sang Co Ltd	114,218
Total	\$450,806

Other suppliers were sought due to the inconsistent method of supply and poor quality of meat supplied by approved contractors.

There were no formal contracts between the RFMF and these suppliers for supply of meats, eggs and dry goods. The quality and service requirements were not defined up front therefore the performance of suppliers could not be monitored. In addition, without the agreed price lists, suppliers may apply different rates or charge premium depending on the demand and supply in the market. For example, some suppliers have provided price lists and informally agreed to supply their produce at fixed prices for the year. However, audit noted instances where suppliers were charging prices higher than what had been agreed. Refer to Table 16.16 for examples:

Table 16.16: Anomalies in prices charged

Suppliers	Item	Unit	Rate On Price List (\$)	Rate Charged (\$)	Variance (\$)
Tebara Halal Meat Ltd	Lamb shank	1 Kg	7.05	7.06	0.01
	Grade 1 Fish	1 Kg	6.50	8.50	2.00
	Boneless Lamb	1 Kg	6.50	7.28	0.78
Joes Farm	Bhaji	1 Kg	0.80	1.50	0.70
	Pumpkin	1 Kg	0.80	1.00	0.20
	Frozen mixed vegetables	1 Kg	2.88	3.00	0.12

Procurement of goods from suppliers other than those approved by the Major Tender Board has resulted in the RFMF paying more than the approved rates.

¹⁹ Supplies and Services Instructions 38
Fiji Military Forces

Recommendations

- **Major Tender Board's approval must be obtained when selecting suppliers of goods and services.**
- **The RFMF should continue to report to the Controller of Government Supplies instances of unsatisfactory performance by the current approved contractors.**
- **The RFMF should make payments according to the price lists provided by the suppliers unless prior approval has been sought.**

Management Comments

The Major Tender Board's approval and selection for the suppliers to be used is understood. However, RFMF experienced inconsistency and unreliable service from some of the contracted suppliers and has no option but to resort using more consistent and reliable ones that meets RFMF overall needs.

The delay by the Controller of Government Supplies in responding to our concerns contributed to RFMF resorting to other suppliers for better service outputs. Payments are made according to contracted prices.

16.17 Excessive Purchase of Vaccines

Pharmacy services are an integral part of a comprehensive health care delivery system at the RFMF. The principal purpose of the pharmacy services is to assure efficient, safe, and cost-effective drug therapy and appropriate outcomes in the use of drugs and medicines within RFMF.

The success of any immunization program relies on the ability of providers to have access to vaccine supply on a timely and cost effective manner. While ensuring this process is not compromised, it is also important to be aware that poor ordering practices can lead to inappropriate levels of stock being placed at a risk of wastage at each level of storage.

In 2007, the RFMF was allocated \$152,400²⁰ for the purchase of vaccination/reagent and medical stores. Vaccines costing \$231,648 were purchased from Budget Pharmacy resulting in an over-expenditure of \$79,248. The over expenditure was later validated through a Cabinet Decision of 14/08/07.

A large quantity of these vaccines was not used and is stored at RFMF pharmacy, which indicated that excessive vaccines were purchased in 2007. Refer to Table 16.17 for details:

Table 16.17: Excessive purchases of drugs

Vaccine	Quantity Purchased (Ampoule)	Quantity Used (Ampoule)	Quantity Not Used (\$)	Cost Of Quantity Not Used (\$)
Typhoid Fever	926	403	523	26,906
Yellow Fever	726	104	622	31,243
Mencevax	926	626	300	15,456
Oral Polio	71	66	5	10
Hepatitis A	926	483	443	38,047
Hepatitis B	562	211	351	8863
Tetox DPT	728	497	231	1086

²⁰ \$70,000 was allocated under Activity 2 for medical stores, \$36,400 was allocated under Activity 8 for vaccination/reagent and \$46,000 allocated under Activity 10 for vaccination/reagent

Vaccine	Quantity Purchased (Ampoule)	Quantity Used (Ampoule)	Quantity Not Used (\$)	Cost Of Quantity Not Used (\$)
Total	4,865	2,369	2,475	121,611

Overstocking of supply of vaccine is a waste of public funds. Overstocking is also not prudent with the limited adequate storage facilities.

Recommendation

The RFMF should carefully forecast vaccine required depending on the number of overseas mission to determine the level of stock to be procured for the year. Vaccine should be sufficient to withstand temporary disruption in the supply and possibly meet reasonable demands as a result of unplanned deployment to overseas mission.

Management Comments

Please refer to IGCP (07) 291 dated 14 Aug 07 with regards to the over expenditure stated. Vaccines were ordered in accordance with the requirements and in anticipation of the mobilization of additional troops for 'Operation Sasamaki'. Because of the lead time required for the delivery of items the orders had to be placed early while we look for proper storage spaces in QEB. The upgrading of the vaccine storage facility continues to be a priority in the RFMF work schedules up till now.

16.18 Storage of Vaccine

Vaccines are delicate chemical substance that can become less effective or destroyed if they are:

- frozen;
- allowed to get too hot; or
- exposed to direct sunlight or florescent light.

Maintaining vaccines at the appropriate temperature from the time they leave the manufacturer to the time of administration, i.e. maintenance of the cold chain²¹ is a very important aspect of proper immunization delivery programs.

In 2007, the RFMF purchased various types of vaccines from Budget Pharmacy, which include Typhoid fever, Yellow fever and Mencevax vaccines.

The vaccines purchased in 2007 were not properly stored to ensure the effectiveness of the vaccine for immunization. To store the vaccines, the Pharmacy uses a domestic refrigerator which is insufficient to store all the vaccine in stock. Vaccines were stored on shelves in an air-conditioned room with a temperature of +18°C, which is outside the recommended safe temperature range of +2°C to + 8°C. Refer to Table 16.18 for details:

²¹ The cold chain is the system of transporting and storing vaccines within the safe temperature range of +2°C to +8°C

Table 16.18: Drugs not properly stored

Vaccine	Quantity (Ampoule)	Cost (\$)
Typhoid Fever	523	26,907
Yellow Fever	643	31,244
Mencevax	300	15,456
Total		\$73,607

A number of pharmaceutical supplies at RFMF pharmacy had expired but is still stored by the Pharmacy. Refer to Table 16.19 for details.

Table 16.19: Expired drugs

Vaccine	Quantity	Cost (\$)
Mencevax Injection (Meningococcal)	50 ampoule	2,576
Actrapid Injection (Neutral Insulin)	30 vials	510
Mixtard Injection (Biphasic Isophane Insulin)	10 vials	173
Protaphane Injection (Isophane Insulin)	20 vials	249
Stamaril Vaccine (Yellow Fever, stabilized)	13 ampoule	632
Aspirin Tablets 300mg	4 x 1000 tablets	80
Total Cost		4,220

The lack of proper storage may result in the ineffectiveness of the vaccines.

Recommendations

- A larger refrigerator dedicated only to vaccine storage should be identified and used only for this purpose.
- Vaccines exposed to temperatures outside those in the manufacturers' labels should be stored in a separate, marked container in a well-functioning monitored refrigerator until clear instructions have been received on what to do with them.
- Expired or deteriorated drugs should be regularly identified for safe disposal.

Management Comments

RFMF acknowledges the shortfalls highlighted above and will continue to push for the installation of proper infrastructures for storage and upgrade existing ones to meet pharmaceutical standards within the budgetary allocations provided.

16.19 Recording of Pharmaceutical Stores

All pharmaceutical supplies should be properly recorded and accounted for.

The pharmacy did not maintain proper records of all pharmaceutical supplies. The manual stock cards were maintained only for vaccines.²² The other controlled or non controlled pharmaceutical supplies were not recorded.

²² Oral Polio Vaccine, Yellow Fever Vaccine, Hepatitis A Vaccine, Typhoid Fever Vaccine, Tetanus Toxoid Vaccine, Meningococcal P Vaccine And Hepatitis B Vaccine
Fiji Military Forces

Also, the Pharmacy did not have inventory management system to assist the pharmacy services in recording available supplies, quantity dispensed to the patient and determining the reorder points and minimum inventory stock levels.

In absence of proper stock record, the Pharmacy may not be able to ensure drug accountability, establish reorder points and minimum inventory stock levels or conduct annual stock take of pharmaceutical inventories.

Recommendation

Systematic and organized process of ordering and recording pharmaceutical supplies should be developed to maintain sufficient stock for use.

Management Comments

Comments raised herein are noted with thanks and very welcomed. RFMF acknowledges that there is more work required in this area and given the generally infant status of the RFMF Pharmacy, this is an area that we are still developing and our continuous posting of military personnel to attend courses in the pharmaceutical discipline locally is a step in this direction.

16.20 Business Plan - Plant Pool

All agencies that operate a Trading and Manufacturing activity must prepare a business plan for the activity each year.²³

According to the Finance Instructions, the Business Plan should include the following:

- analysis of the market the Plant Pool will operate in;
- profit target for the year and the next two years;
- strategies for achieving the profit target;
- risks relating to the activity; and
- projected profit and loss statements for the year.

There was no Business Plan prepared for the Plant Pool in 2007, detailing the activities for the operating year.

The absence of a proper plan outlining and evaluating the economic viability of the Plant Pool has resulted in the continuous operation on a loss.

Recommendation

A Business Plan should be prepared as required by Finance Instructions 36.

Management Comments

We acknowledge that there were no business plan done for 2006 and 2007, however, a draft format had been provided to the unit concerned to formulate a one for 2008 and onwards.

²³ Finance Instructions 2005 36(1)
Fiji Military Forces

16.21 Preparation of Financial Statements – Plant pool

Each Agency operating a trading and manufacturing activity must prepare a quarterly profit and loss statement and a balance sheet on an annual basis. The profit and loss statement and the balance sheet must be prepared on an accrual accounting basis. The profit and loss statement should include all expenses that relate to the activity, and where necessary, include estimate of:

- a) overheads made by the departments;
- b) depreciation of assets;
- c) services provided below cost by other agencies;
- d) provisions of doubtful debts;
- e) provisions for inventory to be written of.²⁴

The annual profit and loss statement and balance sheet for 2006 and any subsequent year must be prepared and submitted to the Auditor General in a form suitable for audit and inclusion in the agency's annual report.

The Plant Pool has prepared Profit and Loss accounts for the first three quarters of 2007 however it did not include overheads, depreciation and provision for doubtful debts. Therefore, the surplus or deficit reported in the Profit and Loss accounts may be incorrect.

The RFMF has also yet to formally submit the financial statements for its Trading Manufacturing Accounts to the Office of the Auditor General for audit.

Recommendation

The RFMF must ensure that the Trading and Manufacturing Account is prepared in accordance with Finance Instructions 37 and submitted to the Office of the Auditor General for audit.

Management Comments

Recommendations have been noted. RFMF will ensure that the TMA are prepared and submitted on a timely basis from now on.

16.22 Discrepancies in the Records – Plant Pool and Accounts Section

Proper records of the Trading and Manufacturing Accounts should be maintained. The TMA records maintained at RFMF accounts section should always tally with records at Plant Pool.

The financial records maintained by the Plant Pool and the RFMF Accounts Section did not reconcile with significant variance noted between the two records.

The records maintained by the Plant Pool indicate that it has been making profits for first 3 quarters of its operation in 2007. However, this did not match with the records maintained at the Accounts Section. Refer to Table 16.20 for details:

²⁴ Finance Instruction 2005 37(2)
Fiji Military Forces

Table 16.20: Discrepancies in Plant Pool and Accounts Section records

Period	Profits		
	Plant Pool (\$)	Accounts Section (\$)	Variance (\$)
First	2,596	(687)	3,283
Second	21,103	(40,406)	61,406
Third	14,235	74,327	(60,092)

The financial statements prepared by the Accounts Section were drawn from the records produced by the Ministry of Finance through the FMIS while the Plant Pool was preparing the quarterly accounts from the records it maintains.

The above clearly indicate the absence of any reconciliation carried out by the Accounts Section and the lack of appropriate supervisory checks.

Recommendations

- **RFMF must ensure that two records are reconciled and differences identified are adjusted accordingly.**
- **Proper records should be maintained by both the Plant Pool and the Accounts section and verified to the FMIS.**

Management Comments

We acknowledge your recommendations and confirm that the two records were not properly maintained and accounted for. RFMF will ensure that both the records are reconciled and verified by FMIS report on a timely basis from now onwards.

16.23 Arrears of Revenue – Plant Pool

Each agency must maintain a Debtors Register or an Accounts Receivable Ledger for State or agency revenues receivables.²⁵ Accounts which are overdue must be promptly followed up in accordance with the debt recovery procedures in the RFMF Finance Manual. Within one month after the end of each quarter, each agency with accounts receivable must submit a quarterly report on outstanding and overdue debts to the Ministry of Finance.²⁶

The following were noted from the audit of arrears of revenue.

- As at 31/12/07, the total arrears of revenue for the Plant Pool amounted to \$176,839,²⁷ an increase of \$19,384 or 12% from 2006. Refer to *Appendix 16.2* for arrears of revenue.
- There has been very little effort to recover revenue which has been in arrears before 2007. The quarterly reports on outstanding and overdue debts were also not prepared and submitted to the Ministry of Finance.
- The aging of arrears has not been carried out to determine those that have been long outstanding and may require to be written off.

²⁵ 2005 Finance Instructions – Section 47

²⁶ 2005 Finance Instructions – Section 48 & 50

²⁷ Refer to Appendix 1 of this Report

- A number of debtors are still being provided services by the RFMF Plant Pool even though their accounts are in arrears with some outstanding since 2003. Refer to *Appendix 16.3* for examples of long outstanding debts.

The above anomalies indicate poor or ineffective debt recovery procedures adopted by the Plant Pool. The untimely collection of revenue may result in possible write offs, which could affect the profitability of the Plant Pool.

Recommendations

- **Debt collection should be improved and regular follow-ups should be carried out to ensure that money owed to the Plant Pool is recovered.**
- **Quarterly reports on outstanding and overdue debts must be prepared and submitted to the Ministry of Finance.**
- **The RFMF should consider discontinuing the provision of services to organizations which have debts from previous years.**

Management Comments

The RFMF will make every effort to recover all revenue that has been overdue and a report to be submitted in accordance with the rules and regulations.

16.24 Unaccounted Fuel

An employee must use Government resources and assets in a proper way.²⁸

Dip stick reading for fuel and oil stock is taken and recorded in the *Stock Issue Sheet* before the fuel tank is refilled and after refilling. The *Stock Issue Sheet* is updated when the stock is used and the closing balance on the *Stock Issue Sheet* is used to determine the stock on hand at any point in time.

Fuel reading conducted at the Engineers Plant Pool on 28/11/07 indicated 1,000 litres of fuel stored in the tank. However, the fuel Issue Sheet had a balance of 1,284 litres. The officer responsible was not able to provide any explanations for the unaccounted 284 litres.

The issue of unaccounted fuel was also raised in the 2006 Audit Memorandum. Failure to maintain proper records of the utilization of fuel may lead to theft and misuse of fuel.

The *Stock Issue Sheets* were also not properly maintained. The following discrepancies were noted.

- In one of the stock sheets, the total diesel issued was more than the opening balance recorded in the issue sheet.
- More than one stock issue sheets were used to record the issue of diesel on the same day.
- Drivers who were issued fuel did not sign the stock issue sheets to evidence that fuel were issued to them.
- The closing balance was not always properly stated in the stock issue sheets. In most cases, the closing balances were estimated in drums rather than calculating the actual balance in litres.

The risk of misuse of fuel and oil is high if records are not properly maintained and checked by supervisors.

²⁸ Public Service Code of Conduct section 8

Recommendations

- **Fuel Registers and Stock Issue Sheets must be maintained and updated as and when the fuels are used.**
- **Supervisory checks on the fuel records should be improved.**
- **Since there were no satisfactory explanations for the fuel shortage provided during the audit, an investigation should be carried out to determine whether the fuel was utilised for official purposes.**

Management Comments

RFMF acknowledges that there is a lot to be done in terms of supervision and period checks and will endeavor to improve on these from now onwards.

16.25 Private Funds – Fines Account

The Fines Account maintains fines paid by the RFMF servicemen as imposed by internal Courts of the RFMF. The main expenditure is loans to Senior Officers from the rank of Captain and above.

The following anomalies were noted:

- proper set of accounts have not been prepared for the Fines Account; and
- monthly bank reconciliations were not carried out during the year.

Bank reconciliation is the process of matching and comparing records maintained for the account against those presented on the bank statement. It would allow those maintaining the Fines Account to uncover any possible discrepancies.

The absence of reconciliations and proper set of accounts increases the risk of fraud and mismanagement of funds.

Recommendations

- **Bank reconciliations should be prepared on a monthly basis.**
- **A proper set of annual accounts should be prepared and submitted for audit.**

Management Comments

RFMF acknowledges that the Fines Account records were not updated. The matter has been addressed with a clerk who now looks after the upkeep and maintenance of the Fines account on a fulltime basis.

Appendix 16.1 – Statement of Output Costs

Policy and Administration

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	7,060,446	5,840,192
Unestablished staff	0	478
Travel & communication	328,863	274,729
Maintenance & Operations	225,425	354,804
Purchase of goods & services	77,112	72,598
Operating grants & transfers	0	0
Special expenditures	75,103	703,720
Total Operating Costs	7,766,949	7,246,521
Capital Expenditure		
Capital Construction	0	9,637
Capital Purchases	80,749	127,043
Capital Grants & Transfers	0	0
Total Capital Expenditure	80,749	136,680
Value Added Tax	858,192	2,121,316
TOTAL EXPENDITURES	8,705,890	9,504,517

Logistic Support Unit

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	5,742,305	6,654,293
Unestablished staff	0	0
Travel & communication	0	0
Maintenance & Operations	1,102,360	638,795
Purchase of goods & services	27,617,056	8,443,397
Operating grants & transfers	0	0
Special expenditures	0	0
Total Operating Costs	34,461,721	15,736,485
Value Added Tax	2,379,371	1,620,569
TOTAL EXPENDITURES	36,841,092	17,357,054

3 FIR 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	11,621,031	15,411,725
Unestablished staff	0	0
Travel & communication	6,616	22,609
Maintenance & Operations	0	0
Purchase of goods & services	211,438	173,571
Operating grants & transfers	0	0
Special expenditures	0	0
Total Operating Costs	11,839,085	15,606,905
Capital Expenditure		
Capital Construction	0	0
Capital Purchases	24,746	34,687
Capital Grants & Transfers	0	0
Total Capital Expenditure	24,746	34,687
Value Added Tax	252,770	1,367,040
TOTAL EXPENDITURES	12,116,601	17,008,632

FMF Engineers

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	7,053,756	8,105,708
Unestablished staff	0	0
Travel & communication	16,293	10,739
Maintenance & Operations	386,300	372,457
Purchase of goods & services	127,365	70,690
Operating grants & transfers	0	0
Special expenditures	0	0
Total Operating Costs	7,583,714	8,559,594
Value Added Tax	705,448	668,810
TOTAL EXPENDITURES	8,289,162	9,228,404

FMF Naval Division

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	4,955,237	5,696,503
Unestablished staff	0	0
Travel & communication	185,243	79,360
Maintenance & Operations	1,197,905	1,206,801
Purchase of goods & services	599,815	351,881
Operating grants & transfers	0	0
Special expenditures	0	0
Total Operating Costs	6,938,200	7,334,545
Capital Expenditure		
Capital Construction	0	0
Capital Purchases	4,796	14,222
Capital Grants & Transfers	0	0
Total Capital Expenditure	4,796	14,222
Value Added Tax	814,575	687,941
TOTAL EXPENDITURES	7,757,571	8,036,708

Territorial Forces 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	11,689,463	550,154
Unestablished staff	0	0
Travel & communication	9,434	12,204
Maintenance & Operations	10,276	(16,512)
Purchase of goods & services	700,796	71,919
Operating grants & transfers	0	0
Special expenditures	38,674	2,256,357
Total Operating Costs	12,448,643	2,874,122
Capital Expenditure		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	800,705	187,457
TOTAL EXPENDITURES	13,249,348	3,061,579

Iraq Mission 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	14,241,838	9,743,707
Unestablished staff	0	0
Travel & communication	0	0
Maintenance & Operations	0	0
Purchase of goods & services	0	1,198
Operating grants & transfers	0	0
Special expenditures	0	36,188
Total Operating Costs	14,241,838	9,781,093
Value Added Tax	627,976	694,098
TOTAL EXPENDITURES	14,869,814	10,475,191

Peace Keeping Force - Sinai

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	14,139,829	11,037,802
Unestablished staff	0	0
Travel & communication	38,797	56,428
Maintenance & Operations	32,289	1,970
Purchase of goods & services	392,699	474,935
Operating grants & transfers	0	0
Special expenditures	0	0
Total Operating Costs	14,603,614	11,571,135
Value Added Tax	770,109	785,519
TOTAL EXPENDITURES	15,373,723	12,356,654

Force Training Group

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	1,882,319	3,461,945
Unestablished staff	0	0
Travel & communication	140,008	60,318
Maintenance & Operations	131,380	114,303
Purchase of goods & services	70,087	84,714
Operating grants & transfers	0	0
Special expenditures	0	0
Total Operating Costs	2,223,794	3,721,280
Value Added Tax	176,692	334,671
TOTAL EXPENDITURES	2,400,486	4,055,951

Land Force Command 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established staff	4,237,454	6,941,164
Unestablished staff	252,666	290,820
Travel & communication	908,901	486,377
Maintenance & Operations	658,351	569,186
Purchase of goods & services	147,378	176,156
Operating grants & transfers	0	0
Special expenditures	0	12,675
Total Operating Costs	6,204,750	8,476,378
Value Added Tax	476,687	1,281,702
TOTAL EXPENDITURES	6,681,437	9,758,080

Appendix 16.2: Arrears of Revenue – Plant Pool

Date	Job Number	Description	Organisation	Amount (\$)
02/07/07	EP39/07	Hire of plant equipments to level Engineers parade ground	Training Vote	2,109.00
19/06/07	EP33/07	Hire of plant equipments for ripping stock piling & loading of s/stone.	BW Holdings	2,203.00
	EP38/07			558.00
27/03/07	EP22/07	Hire of plant equipments to uplift D6 from Lami.	Ministry of Youth and Sports	250.00
01/03/07	EP18/07	Hire of plant equipments to upgrade road.	FTG Nasinu	12,344.00
14/02/07	EP13/07	Hire of plant equipments to assist water supply cart water.	PWD Water Supply	1,596.00
	EP15/07			324.00
26/04/06	EP 29/06	Hire of plant equipments for the work carried out at Nasinu Form Seven College	PWD Building Section	17,172.00
	EP 30/06			2,646.00
	EP 31/06			3,780.00
	EP 32/06			490.00
	EP 33/06			13,475.00
	EP 34/06			841.51
	EP 35/06			2,148.58
	EP 36/06			1,185.22
25/05/06	EP 61/05	Hire of plant equipment to load sand and gravel.	RC Manubhai	65.00
06/06/06	EP 93/06	Hire of vehicle to cart soapstone from 4 miles to Lokia.	PWD Roads	536.70
	EP 95/06			495.00
	EP 132/06			428.00
20/06/06	EP 133/06	Hire of plant vehicle to cart material to Ovalau.	Ovalau Provincial Council	502.69
10/07/06	EP 144/06	Hire of plant equipment by George Chung.	George Ghung	355.00
16/08/06	EP 152/06	Cartage of Pine post from RA to Rewa.		525.00
	EP 153/06			435.00
21/08/06	EP 154/06		Koroi	633.90
	EP 155/06			430.80
	EP 156/06			599.40
30/03/05	EP 12/05	Hire of RFMF plant vehicle to cart soft stones from Nabuni to Lami.	Tabutabu	849.00
23/05/05	EP 81/05	Hire of RFMF vehicle to assist PWD carting building materials to various sites.	PWD Building	450.00
26/05/05	EP 46/05	Repair of base set and wireless.	Elcom Services	120.00
26/05/05	EP 47/05	Hire of plant equipment for the excavation work	Ratu Sukuna School	584.00
09/06/05	EP 60/05	Hire of RFMF plant vehicle to cart material.	Training Vote	203.00
09/06/05	EP 61/05	Hire of RFMF plant vehicle to assist fisheries Department.	Fisheries Department	700.00
16/06/05	EP 67/05	Hire of RFMF plant machines.	Downer Ltd	140.00
02/08/05	EP 98/05	Cart v-drains from Humes to PWD work site.	PWD Building	420.00
02/08/05	EP 99/05	Hire of RFMF vehicle to assist PWD carting of culvert from Humes.	PWD Building	450.00

Date	Job Number	Description	Organisation	Amount (\$)
08/09/05	EP 122/05	Hire of plant equipment for Road and upgrading of ground.	RFMF	2,325.00
08/09/05	EP 123/05	Hire of RFMF plant to cart material for 30 th Anniversary Celebration.		579.00
21/11/05	EP 179/05	Excavation of waist material		51,000.00
10/03/04	EP 21/04	Hire of plant vehicle for carting material.	PWD Building	222.56
18/03/04	EP 24/04	Hire of RFMF plant vehicle to cart material.	HQ LFC	1,740.00
02/04/04	EP 35/04	Work carried at Reservoir.	PWD Building	727.13
	EP 36/04			965.63
13/07/04	EP 102/04	Hire plant to hire cart machines from Krovou Depot	PWD	800.00
07/09/04	EP 159/04	Grading and Shaping of roads.	DNS Contractors	1,260.00
29/09/04	EP 200/04	Hire of RFMF plant to cart 2 loads of gravel.	Mahen Singh	50.00
29/09/04	EP 201/04	Hire of equipments to level the Hometown Motors site.		270.00
12/10/04	EP 207/04	Hire of plant vehicle for cartage.	Telecom Fiji	600.00
12/10/04	EP 208/04	Hire of RFMF vehicle to cart scrap metals.	Horeb Engineering	700.00
19/10/04	EP 216/04	Hire of plant machines.	Sila Enterprise	1,600.00
19/10/04	EP 218/04	Hire of plant vehicle to cart scrap metals.	Horeb Engineers	700.00
05/11/04	EP 244/04	Hire of dump truck to cart materials.	PWD Buildings	486.00
06/12/04	EP 273/04	Hire of equipments to cart materials and level sites.	Works and Energy	21,000
29/01/03	EP 05/03	Hire of RFMF plant vehicle to assist DISMAC carting relief materials to Labasa.	DISMAC	1,355.20
03/02/03	EP 06/03			757.23
03/02/03	EP 07/03			1,656.00
28/05/03	EP 69/03	Hire of RFMF plant to cart soil from Stadium to New Gym.	Jet Patcher	158.74
30/05/03	EP 74/03	Hire of plant vehicle to cart gravels from Nasinu Quarry.		468.64
16/06/03	EP 86/03	Hire of RFMF plant equipment to cart D6.	Mr. Rabo	300.00
21/07/03	EP 104/03	Hire of plant vehicle to cart a digger.	Jet Patcher	1,560.00
18/07/03	EP 105/03	Hire of plant vehicle to cart container from wharf to Lami.	PWD	300.00
07/10/03	EP 189/03	Hire of dump trucks to cart water for PWD water supply.	PWD Water Supply	3,966.00
20/10/03	EP 197/03	Hire of plant vehicle to cart material.	PWD Building Section.	517.00
27/10/03	EP 202/03	Hire of plant vehicle to transport house materials from Govt House to Colo-i-suva.	PWD Construction	456.37
28/10/03	EP 203/03	Hire of plant vehicle.		346.35
28/10/03	EP 204/03	Hire of plant vehicle.		438.15
28/10/03	EP 209/03	Hire of plant vehicle to construct the FEA excess road	Telesource International	320.00
29/10/03	EP 215/03	Hire of plant to level and complete the site.		1,065.00
29/10/03	EP 219/03	Hire of Dump Truck to cart gravel.	PWD Construction	267.00
31/10/03	EP 223/03	Hire of dump truck to cart water.	PWD Building	219.50
31/10/03	EP 224/03	Hire of plant vehicle to cart materials.	PWD Construction.	339.22
31/10/03	EP 225/03	To cart blocks		307.05
03/11/03	EP 228/03	To cart water		254.25
03/11/03	EP 229/03	To cart materials.		238.50
05/11/03	EP 239/03	Hire of plant vehicle to cart gravel for PWD Building.	PWD Building	679.00
05/11/03	EP 240/03			375.00
05/11/03	EP 241/03			647.00

Date	Job Number	Description	Organisation	Amount (\$)
07/11/03	EP 245/03			104.40
10/11/03	EP 247/03	To cart blocks.	PWD Construction	178.35
10/11/03	EP 248/03			309.68
12/11/03	EP 254/03	To cart materials.	PWD Building	427.50
10/12/03	EP 297/03			332.19
16/12/03	EP 306/03	To level sites at Kinoya power plant.	Telesource	1,675.08
18/12/03	EP 308/03	To transport, excavate level and cart soil to offsite		1,750.00
Total				\$176,838.52

Appendix 16.3: Outstanding Debts – plant pool

DATE	JOB NUMBER	ORGANIZATION	AMOUNT (\$)
10/03/04	EP 21/04	PWD Building	222.56
02/04/04	EP 35/04	PWD Building	727.13
02/04/04	EP 36/04		965.63
05/11/04	EP 244/04	PWD Buildings	486.00
20/10/03	EP 197/03	PWD Building	517.00
31/10/03	EP223/03	PWD Building	219.50
27/10/03	EP 202/03	PWD Building	456.37
28/10/03	EP 203/03		438.15
28/10/03	EP 204/03		320.00
29/10/03	EP219/03	PWD Construction	267.00
31/10/03	EP223/03	PWD Building	219.50
31/10/03	EP 224/03	PWD Construction	339.22
31/10/03	EP 225/03		307.05
03/11/03	EP 228/03		254.25
03/11/03	EP 229/03		238.50
05/11/03	EP 239/03	PWD Building	679.00
05/11/03	EP 240/03		375.00
05/11/03	EP 241/03		647.00
07/11/03	EP 245/03	PWD Building	104.40
10/11/03	EP 247/03	PWD Construction	178.35
10/11/03	EP 248/03		309.68
12/11/03	EP 254/03	PWD Building	427.50
10/12/03	EP297/03		332.19
28/10/03	EP 209/03	Telesource International	320.00
29/10/03	EP 215/03		1,065.00
16/12/03	EP 306/03	Telesource International	1,675.08
18/12/03	EP 308/03		1,750.00
TOTAL			13,841.06

Section 17 **Fiji Police Force**

Programme Statement

In accordance with the statutory obligations and the community expectations, the Fiji Police Force is to be employed in and throughout Fiji for the maintenance of law and order, the preservation of peace, the protection of life and property and the detection of crime and the enforcement of all laws and regulations with which it is directly charged.

The Fiji Police Force is divided into six branches and these are the Special Branch, Criminal Investigation, Traffic & Transport, Training, General Uniform and Office of the Commissioner and Headquarters which manage and perform functions relative to the nature.

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FINANCIAL STATEMENT

17.1 Audit Opinion

The audit of the 2007 accounts of the Fiji Police Force resulted in the issue of a qualified audit report.

The qualifications are as follows.

- Audit could not verify and substantiate the non-payroll expenditures totalling \$3,674,191 incurred by the Force for the period 1/01/07 to 31/05/07 as the payment vouchers and supporting documents were not provided for audit.
- 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 Force under each output.
- The Fiji Police Force 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 Force as at 31/12/07 has operating trust funds totalling \$1,693,937.

17.2 Statement of Receipts and Expenditures

The Department incurred total expenditures of \$73,589,794 in 2007 compared to \$74,620,185 in 2006.

Table 17.1: Statements of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
Police Clearance Fees	576,047	401,036
Licenses Fees	34,484	18,328
Other State Revenue	76,389	55,632
Other Agency Revenue	18,849	9,580
TOTAL REVENUE	705,769	484,576
EXPENDITURE		
Operating		
Established Staff	57,333,697	51,837,713
Unestablished Staff	903,893	883,691
Travel & Communication	3,660,283	4,335,681
Maintenance & Operations	3,657,981	3,829,988
Purchase of Goods & Services	1,800,405	2,729,036
Operating Grants & Transfers	19,957	25,860
Special Expenditure	504,383	1,435,346
Total Operating Expenditure	67,880,599	65,077,315
Capital Expenditure		
Construction	188,437	627,912
Purchases	119,802	613,081

Description	2007 \$	2006 \$
Total Capital Expenditure	308,239	1,240,993
Value Added Tax	5,400,956	8,301,877
TOTAL EXPENDITURE	73,589,794	74,620,185

17.3 Statement of Output Costs

The Statement of Output Costs consolidates the 7 outputs prescribed in the Budget Estimates, contrary to the requirements of the Finance Instructions. These are detailed in Appendix 17.1

17.4 Appropriation Statement

The Department incurred expenditures totalling \$73,589,794 in 2007 against the budget of \$69,946,471 resulting in an over-expenditure of \$3,643,323 or 5%.

Details of expenditures against the budget estimates are provided in Table 17.2.

Table 17.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	50,366,082	0	50,366,082	57,333,697	0	(6,967,615)
2	Unestablished Staff	894,990	0	894,990	903,893	0	(8,903)
3	Travel & Communication	3,630,056	78,712	3,708,768	3,660,283	0	48,485
4	Maintenance & Operations	4,016,300	80,000	4,096,300	3,657,981	0	438,319
5	Purchase of Goods & Services	1,836,443	(128,712)	1,707,731	1,800,405	0	(92,674)
6	Operating Grants & Transfers	20,000	0	20,000	19,957	0	43
7	Special Expenditure	538,000	(30,000)	508,000	504,383	0	3,617
	Total Operating Costs	61,301,871	0	61,301,871	67,880,599	0	(6,578,728)
	Capital Expenditure						
8	Capital Construction	550,000	0	550,000	188,437	0	361,563
9	Capital Purchases	325,000	0	325,000	119,802	0	205,198
10	Capital Grants & Transfers	-	-	-	-	0	-
	Total Capital Expenditure	875,000	0	875,000	308,239	0	566,761
13	Value Added Tax	7,769,600	0	7,769,600	5,400,956	0	2,368,644
	TOTAL EXPENDITURE	69,946,471	0	69,946,471	73,589,794	0	(3,643,323)

The Ministry of Finance approved the transfer of funds totalling \$158,712 during the year.

17.5 Statement of Losses

The Department did not report any loss of inventories, fixed assets or money during the year.

AUDIT FINDINGS

17.6 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

Fiji Police Force submitted its Agency Financial Statements for audit on 6/08/08 and were not prepared in accordance with Finance Instructions. 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 Acting Senior Accounts Officer revealed that the balances reported were derived using a template designed by the Ministry of Finance.

The Department vired funds totalling \$158,712 from and to the following SEGs:

Table 17.3: Details of Virements

Vired From	Vired To	Amount (\$)
SEG 5 – Purchase of Goods & Services	SEG 3 – Travel & Communication	78,712
SEG 5 – Purchase of Goods & Services	SEG 4 – Maintenance & Operations	50,000
SEG 7 – Special Expenditure	SEG 4 – Maintenance & Operation	30,000

The virements were unnecessary as the budget estimates were sufficient. It also resulted in an over – expenditure in SEG 5 Purchases of Goods & Services totalling \$92,674.

Recommendations

- The Department should ensure that Finance Instructions 82 is strictly followed in the preparation of the Financial Statements.
- Virement of funds from one SEG to another should only be made when there is a shortfall which could not be catered from the approved budget for that particular SEG.

Management Comments

The lateness in the submission of the 2007 Fiji Police Force Agency Financial Report was due to the new format provided in the FMIS; the Auditor General emphasized during the meeting at Fiji Police Force HQ, Manohan Building that the Office of the Auditor General will accept the late submission this year as it is the first time to implement such report but not in the financial year 2009 for the submission of Agency Report for 2008.

The preparation of the final Virement Warrant for the financial year 2007 was prepared and submitted to the Ministry of Finance in January 2008 as highlighted in the Finance Circular, whilst the closing of Accounts for the financial year 2007 was in April 2008; this is the reason why the virement amount in question does not equal to the final expenditure amount.

¹ Finance Instructions 2005 – 81 (2)

² Finance Instructions 2005 – 81 (3)

17.7 Revenue

Within five working days of the Ministry of Finance issuing the monthly General Ledger Reports, the Assistant Accounts Officer Ledgers shall reconcile the revenue figures in the report to the Revenue Statement. Where errors or discrepancies occur, the Force Accountant shall inform the Chief Accountant in writing within seven days of receiving the general ledger reports.³

The revenue collected for the year as recorded in the Revenue Register maintained by the Department, did not reconcile with the general ledger (FMIS). Refer to Table 17.4 for details:

Table 17.4: Unreconciled Revenue

Revenue Type	General Ledger - FMIS (\$)	Department Register (\$)	Variance (\$)
Police Clearance 230399	576,046.74	591,071.52	(15,024.78)
VAT 220199	76,389.02	23,985.75	52,403.27
Arms 230401	25,794.11	29,900.57	4,106.46
General Revenue 279999	17,349.88	16,087.36	1,262.52
Hotel License 230410	2,550.00	2,756.25	(206.25)
Money Lenders 230409	1,880.00	2,115.00	(235.00)
Liquor License 230405	4,220.00	4,680.00	(460.00)
Export & Import 230406	40.00	22.50	17.50
270301	1498.87	-	1498.87
TOTAL	705,768.62	670,618.95	35,149.67

The Department failed to provide explanation on the variances noted from the Department's records against balances provided in the general ledger (FMIS). Proper monthly reconciliations were not prepared during the year to account for the total revenue collected in a month.

Recommendations

- **Reconciliations must be prepared on timely basis and any errors detected must be adjusted immediately.**
- **Supervisory checks on the reconciliations should be improved to ensure the accuracy of the balances in the reconciliation and the records maintained by the Department.**
- **Officers failing to carry out their responsibilities, in ensuring that records are updated and accurate reconciliations are prepared on time, should be disciplined accordingly.**

Management Comments

The total revenue collected and deposited into the bank, are the funds that reflected in the General Ledger – FMIS, that is, \$705,768.62; the amount reflected in the Fiji Police Force Register are manual amounts that was subject to error due to the non reconciliation made by the Assistant Accounts Officer – Ledgers (AAO-L). The AAO-L was instructed to ensure that reconciliations are to be conducted on monthly basis to detect the anomalies and adjusted accordingly.

³ Fiji Police Force – Finance Manual 2005 – 5.5.12 & 5.5.14

17.8 Operating Trust Fund Account

Within five days after the end of each month, the Assistant Accounts Officer Ledgers shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.⁴

The Operating Trust Fund Account for the year did not reconcile with general ledger (FMIS). Refer to the Table below for detail:

	\$
General Ledger - FMIS	1,693,937.44
Department	202,653.63
Variance	1,491,283.81

The closing balance of the reconciliations for October also did not agree with the opening balance of the reconciliation for November 2007. Refer to the Table below for details:

	\$
October Closing Balance	3,115,428.23
November Opening Balance	2,789,235.12
Variance	326,193.11

The above finding indicates ineffective controls and lack of supervisory checks in the administration of the operating trust fund account. It also illustrates non-compliance with the regulations governing the maintenance of the trust monies.

Recommendations

- **Supervisory checks on the reconciliation should be improved to ensure the accuracy of the balances reported in the reconciliation.**
- **The Department should carry out a thorough review of the operating trust fund accounts for which balances have been carried forward from previous years.**
- **The Department should ensure compliance with its Finance Manual at all times.**

Management Comments

The Department figures were verified against the balance in the General Ledger-FMIS under the new Operating Trust Fund Allocation 860000 and 890000 provided in the FMIS which Department amount of \$202,653.63 derives from.

It was a reconciliation error made by the Accounts and the error has been identified and adjusted to rectify the error.

The Miscellaneous Fund in question is the fund for the Police Reward Fines and Forfeitures; the amount highlighted by your office, the AAO-(L) already being instructed to verify the figures in question and adjust accordingly through reconciliations.

⁴ Finance Manual – Fiji Police Force 2005 – Section 15.4.1

17.9 Revolving Fund Account - Miscellaneous

Accountable Advance is granted for officers for official visits to cover costs of accommodation meals and incidental expenses which shall be cleared by the officer within 7 days of his/her return.⁵

The Revolving Fund Account – Miscellaneous for the year did not reconcile with to the closing balance of the general ledger (FMIS). Refer to the Table below for details:

	\$
General Ledger - FMIS	452,421.18
Department	380,311.81
Variance	72,109.37

Verification of the records indicates that the 2006 closing balance did not reconcile with the January 2007 opening balance. Refer to the table below for details:

	\$
2006 Closing Balance	388,350
January 2007 Opening Balance	389,243
Variance	893

It was further noted that an addition error in the reconciliation for April had resulted in the overstatement of the closing balance by \$2,789.69. The error had also affected the correctness of the subsequent months' reconciliations.

The issue of non-clearance of accountable advances has been constantly raised by audit over the years. Some accountable advances have been outstanding since 1993 and indicates laxity by relevant officers.

Recommendations

- **The Department should investigate the variances noted and make the necessary adjustments to correct the reconciliations.**
- **The Supervisory checks on the reconciliation should be improved to ensure the accuracy of the balances reported in the reconciliation.**
- **Accountable advances should not be issued to officers who have yet to clear/retire previous advances. The issue of non-clearance of accountable advance will continue to be raised unless the Department implements stringent measures to improve compliance with regulations pertaining to accountable advances.**

Management Comments

The identified irregularities were mainly due to the transfer of accounts numbers and their respective figures from the manual system to the FMIS from December 2006 to January 2007; the AAO-(L) was directed to rectify the anomaly on such transfer of figures from manual to the FMIS through the adjustment on the reconciliation statement.

⁵ Finance Circular 18/11/97 – 201/1-2

17.10 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.⁶

The Drawings Account shall be operated from the Head Office of the Department or as approved by the Chief Accountant.⁷ The Assistant Accounts officer (Ledgers) shall prepare bank reconciliation within 5 days of the end of month.⁸

The examination of the Drawings Account Reconciliation revealed that unpresented cheques as at 31/12/07 amounted to \$2,652,661 of which \$500,094 were stale cheques.

The closing balance of the Drawings account for December did not reconcile with Appendix 3. Refer to the Table below for detail:

	(\$)
Appendix 3	5,414,993
Department	2,652,661
Variance	2,762,332

Further verification of the Drawings account revealed that the closing balance of the reconciliation for December 2006 did not correspond to the opening balance of the reconciliation for January 2007. Refer to the following Table for details:

	(\$)
2006 Closing Balance as per Appendix 3	2,050,858.00
Department's Opening balance for 2007	2,588,874.77
Variance	538,016.77

The above imply inadequate supervisory checks on reconciliations prepared on a monthly basis.

Recommendations

- **Reconciliation must be prepared on a timely basis and any errors detected are adjusted immediately.**
- **Supervisory checks on the reconciliations should be improved to ensure the accuracy of the balances in the reconciliation.**

Management Comments

The Stale Cheques highlighted has been adjusted and journalized accordingly in the month of October, 2008.

The Variance of \$2,762,332.00, the accounts are working on to identify and rectify through the adjustments which will be highlighted in the reconciliations.

In the Department January 2007 Opening Balance according to the Fiji Police Force reconciliation it has a monetary value of \$2,050,858.12 which equals to the 2006 Closing Balance.

⁶ Finance Instruction 102

⁷ Finance Instruction 88(3)

⁸ Finance Manual-Fiji Police Force - Section 7.4.7

17.11 Imprest Account and IDC Account

Within five days after the issue of the monthly General Ledger report by the Ministry of Finance, the Assistant Accounts Officer Ledgers shall prepare a petty cash reconciliation to reconcile the petty cashbook balance to the General Ledger Balance. The Reconciliation must be forwarded to the Ministry of Finance by the date set by the Ministry.⁹ All Imprest Holders must retire their petty cash before the end of the financial year i.e. by the first week of December. Petty cash shall be retired by submitting the cashbook, petty cash vouchers and any cash on hand balance to the Force Accountant for journalising.¹⁰

A ledger shall be maintained for advances, petty cash, accounts payable, revolving fund accounts, inter-departmental clearance accounts, cash clearance accounts, expenditure and commitment accounts. Within 3 days of receiving the monthly ledger reports from the Ministry of Finance, the Assistant Accounts Officer Ledgers shall reconcile the ledger balances to the general reports and prepare a ledger reconciliation statement.¹¹

The Department failed to prepare regular monthly reconciliations for the Imprest and Inter Departmental Clearance accounts; hence audit could not substantiate the accuracy of the balances reported in Appendix 19 of the Accounts and Finance.

Recommendations

Officers failing to carry out their responsibilities in ensuring that records are updated and accurate reconciliations prepared on time should be disciplined accordingly.

Management Comments

In the financial year 2007 the Chief Accountant of the Ministry of Finance does not approve any Imprest Account for the Fiji Police Force to maintain.

The Inter Departmental Clearance Accounts (IDC) in the financial year 2007 was prepared on the monthly basis and submitted to the Ministry of Finance, copies are maintained at the Fiji Police for your office scrutiny.

17.12 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.¹²

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

Descriptions	\$	\$
(a) Total FNPF against salaries and wages for 2007		
FNPF as per financial statement		4,057,883

⁹ Finance Manual-Fiji Police Force - Section 7.3.25

¹⁰ Finance Manual-Fiji Police Force - Section 7.3.26 & 7.3.27

¹¹ Finance Manual-Fiji Police Force – Section 16.3.1 & 16.3.3

¹² Chapter 219 – Fiji National Provident Fund – Section 13 (1)

Descriptions	\$	\$
Add: FNPF for December 2007	442,072	
Payment made not entered into FMIS for 2007	343,399	785,471
		4,843,354
Less: FNPF for December 2006		403,527
		4,439,827
Gross pay subject to FNPF (4,439,827 divided by 0.08)		55,497,838
(b) Salaries and wages for 2007 subject to FNPF:		
Salaries, wages and allowances as per financial Statement		54,165,436
Less: Salaries and wages not subject to FNPF		-
Salaries, wages and allowance for 2007 subject to FNPF		54,165,436
Variance		1,332,402

The Department did not provide any explanations for the variance.

Recommendation

The Department should review its FNPF records and reconciliations and provide explanation for the variance.

Management Comments

The variance of \$1,332,402 is the deduction made from the employees of the Fiji Police Force in the month of December 2007 and to be payable to the Fiji National Provident Fund in the month of January, 2008.

Further OAG Comments

The Department did not provide any evidence to substantiate the management comments provided.

17.13 Overpayment of Salaries - Resignation

Salary Change Advice shall be prepared by Departments where they affect personal emoluments and deductions such as resignation and retirement.¹³ Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personal emoluments or deductions dismissal, resignations and retirement.¹⁴

The Department continued to pay salaries of officers after they have retired or resigned from the Force resulting in overpayment of salaries. Refer to the following examples.

- SGT Jemesa Tuvuki retired from the Force with effect from 10/10/07. The Officer was paid lodging allowance until 21/10/07 resulting in overpayment of \$133.56. Before retiring, the officer was paying \$80 per fortnight for rent in arrears of which \$428.19 was still owed by him. He was overpaid a total of \$561.75.

¹³ Finance Instructions 59 (4)

¹⁴ 2005 Finance Instructions 26 (1)

- SC 125 Meli Rakurea retired from the Force with effect from 15/06/07 but was continued to be paid salaries until 29/07/07 resulting in an overpayment of \$639.63.

The salary, extra duty, CID and plain clothes allowance of Inspector Timoci Narova was continued to be paid to his bank account until 23/09/07 although the officer passed away on 07/09/07. The above resulted in a salary overpayment of \$1,126.90.

The overpayments of salaries resulted from the failure of the Force to submit salary change advice on time to the Ministry of Finance. In addition, the lack of communication and proper coordination between the relevant Units within the Force is also a contributing factor to the overpayment of salaries.

Recommendations

- Salary overpayments should be recovered from relevant officers. And in cases where recovery is not possible, the Force should investigate the cause of the overpayment and surcharge the officers responsible for the overpayment.
- The payment of leave compensation and other payments on retiring or resigning, should be withheld until the salary change advice is submitted to the Ministry of Finance.
- It is also recommended that a list of officers that have retired or passed away from the Force should be provided to the Accounts Section by HRM and Administration Section on a fortnightly basis for verification purposes.
- The Force should address these shortcomings by communication and coordinate matters affecting payroll in a timely manner between the Administration and the Accounts Sections.

Management Comments

Sgt 50371 Jemesa Tuvuki

It was assumed that Lodging Allowance will be paid from the reduce number of days paid for that pay period [Pay 21/07 (08/10-22/10/070)]

SC 125 Meli Rakurea

The notification for his retirement was received late at this office, leaving us with no choice but to cease his wage and recovery could not take place since he has not been working for quite sometime.

IP Timoci Narova

In this case it is the same as the one for SC 125 Meli R the notification was also received later at our section. By the time we receive the memo the Pay period for the next pay has already close. Therefore we could not recover his salary.

17.14 Occupation of Quarters

Inspectorate Officers and Subordinate Officers will occupy police quarters where these are available. Police Subordinate Officers who occupy maisonette quarters may at the discretion of the Commissioner of Police be required to vacate them on being promoted to the rank of Inspector. In normal circumstances two month notice to vacate will be given.¹⁵

On receipt of the copies sent to the Commissioner of Police, Officer in charge Central Registry will file duplicate form on the personal file of the officer concerned. He will forward the original and the quadruplicate to the Force Accountant for further action who will ensure rent deductions are made or that they cease as the case may be.¹⁶

¹⁵ Force Standing Order- Chapter VIII- Quarters and Lodging Allowance- No. 208- Quarters 1

¹⁶ Force Standing Order- Chapter VIII- Quarters and Lodging Allowance- No.208- Quarters 23

Any Gazetted officer or Inspectorate officer occupying an institutional quarter who finds that no rent has been deducted from his salary within two months of his entering into occupation will report the fact to the Force Accountant.¹⁷

Some officers based in the Central Division are occupying Police Quarters that they are not entitled after being promoted. This issue was highlighted in previous years audit reports for which the Department was supposed to surcharge those occupying quarters outside of their entitlement. The surcharges have yet to be imposed.

Some officers are also occupying Grade VI quarters instead of Grade V which is their entitlement. Grade VI quarters are provided free water and electricity. Details of the rent owed by the Officers are shown in Table 17.5 including the charges for water and electricity:

Table 17.5: Officers occupying Grade Six quarters instead of Grade Five

EDP No.	Name of Officer	Overpaid Amount as at 02/12/07 (\$)	Remarks
51604	ASP Jaswant Lal	9,457.06	The Officer is occupying Inspectorates quarters with effect from 04/01/06. He is surcharged with a rental deduction of \$480 per month from the date of his illegal occupation of quarters but until 02/12/07 no deduction was made from his salary. The officer is currently paying rent of \$27.69 fortnightly.
50298	ASP Itendra Nair	11,211.95	The Officer is occupying Inspectorates quarters with effect from 13/04/06. He is surcharged with a rental deduction of \$660 per month from the date of his illegal occupation of quarters but until 02/12/07 no deduction was made from his salary. The officer is paying rent of \$27.69 fortnightly with effect from 30/07/06.
51023	ASP Rusiate Tudravu	4,656.25	The Officer is occupying Inspectorates quarters with effect from 02/11/06. He is surcharged with a rental deduction of \$480 per month from the date of his illegal occupation of quarters until 01/10/07. The officer vacated the quarters on 02/10/07 but until 02/12/07 no deduction was made from his salary for the surcharge imposed. The officer was paying rent of \$27.69 fortnightly.
51730	IP Anare Masitabua	11,534.94	The Officer is occupying Subordinate quarters with effect from 29/04/05. His market rental rate is \$390.00 per month for the period of his illegal occupation of quarters. The officer is paying rent of \$61.54 fortnightly with effect from 13/08/07.
50703	IP Sashi Kant	5,766.42	The officer was occupying Subordinate quarters with effect from 17/07/06. He is surcharged with a rental deduction of \$390.00 per month from the date of his illegal occupation of quarters until 11/11/07. The officer vacated the quarters on 12/11/07 but until 02/12/07 no deduction was made from his salary for the surcharge imposed. He was paying rent of \$61.54 fortnightly with effect from 13/08/07.
50189	IP Atma Nand	1,733.57	The Officer was occupying subordinate quarters with effect from 23/04/07 until 01/10/07. From 02/10/07 the

¹⁷ Force Standing Order – Chapter VIII- Quarters and Lodging Allowance- No. 208- Quarter 24

EDP No.	Name of Officer	Overpaid Amount as at 02/12/07 (\$)	Remarks
			officer is occupying quarters of his rank. He is paying rent of \$61.54 with effect from 30/07/07 but from 02/10/07 his rent deduction should be \$27.69. The officer should be paying a rent of \$390 per month for the period he was illegally occupying the quarters.
51543	IP Joseph Low	2,700.00	The Officer is occupying subordinate quarters with effect from 23/04/07. His market rental rate is \$390.00 per month from the time he is illegally occupying the quarters.
52450	IP Sreupepeli Niko	3,490.68	The Officer is occupying subordinate quarters with effect from 18/01/07. His market rental rate is \$390.00 per month from the time he is illegally occupying the quarters. He is paying rent of \$61.54 with effect from 13/08/07.
51521	IP Selesitino Babakoro	3,863.54	The Officer is occupying subordinate quarters with effect from 22/11/06 and from 13/08/07 is paying a rent of \$61.54 fortnightly. His market rental rate is \$390.00 per month from the time he is illegally occupying the quarters.

Direct salary deductions for the full amount of new rental charges imposed by Management was not able to be incorporated into the payroll system as the system is not accepting any amount in excess of \$61.54 per fortnight.

Recommendations

- **The Force should ensure that Quarters Occupation Returns are submitted to Headquarters, specifically, the Accounts Section to ensure that rent are deducted from the salaries of those officers who are supposed to be paying rent.**
- **The current and arrears of rent should be deducted from the officers who occupy the government quarters.**
- **An investigation should be carried out for all Divisions to ensure that those entitled are occupying quarters.**
- **Disciplinary action should be taken against officers who fail to vacate the quarters within the given period of time.**

Management Comments

Our authority to deduct rent from officers occupying government quarters is the Occupation Slip which is supposed to be issued by relevant authorities once officer moves into a government rented quarter. If there is no occupation slip, the salary section will not be able to deduct rent as rent deducted will be calculated on the information provided in the occupation slip in line with the approved rent stipulated in the General Order.

In the case of Gazetted Officers, the current rent deducted is on Special Grade. At this point we are still awaiting approval from the Public Service to institute the 'market value' rent from the officers as highlighted in the query. This will only be possible when approved, a special code is provided by the Ministry of Finance to accommodate this.

17.15 Receiving Allowances while on Overseas Leave

No allowances will be paid to any officer whilst he is on vacation leave or during any period of absence without leave in excess of 24 hours.¹⁸

As soon as any police officer ceases to be eligible for an allowance which he is being paid, such fact will be reported by his superior officer through normal channels to Police HQ for cancellation of the allowance.¹⁹

Some officers, while on overseas (annual or long service) leave, were still receiving acting, plain cloth, CID and extra duty allowances. Refer to Table 17.6 for examples:

Table 17.6: Officers Receiving Allowances while on Overseas Leave

EDP No.	Name of Officer	Overpaid Amount As At 16/12/07 (\$)	Remarks
50891	CPL Tevita Latai Kama	982.10	Overpayment of acting, plain cloth, CID and extra duty allowance with effect from 27/12/06 until 10/03/07.
50225	ASP Collin Powell	505.26	Overpayment of extra duty allowance with effect from 26/02/07 until 23/04/07. The officer resigned from the service on 17/06/07.
50317	CPL Kishore Kumar	221.06	Overpayment of extra duty allowance with effect from 17/05/07 until 19/07/07.
51186	CPL Prem Chand	230.67	Overpayment of extra duty allowance with effect from 29/05/07 until 30/07/07.

The discrepancies highlighted above are a result of the lack of supervisory control and checks in the Salary Section.

Recommendations

Recovery of overpaid allowances through direct salary deductions should commence immediately.

Management Comments

50891 Tevita Latai Kama – we are unable to recover the amount owed as the officer has resigned from the force.

50255 Collin Powell – the officer has resigned from the Force and we are unable to recover the overpayment. fortnight vide FS03/272074.

50317 Kishore Kumar – the officer's salary has been terminated from 10/7/08. Recovery is not possible at this stage.

51186 Prem Chand – officer has been terminated. Recovery overpayment is now not possible.

¹⁸ Force Standing Order 56 (4)

¹⁹ Force Standing Order 56 (8)

17.16 Follow Up – Overpayment of Salaries from 2004 to 2006

Issues	Recommendations	Action Taken										
<p>Overpayment of Salaries – Resignation</p> <p>The Department continued to pay the salaries of officers after they have effectively resigned from the Force resulting in overpayment of salaries. Refer to the following for examples</p> <table><tr><th>Name</th><th>Amount (\$)</th></tr><tr><td>PC 2890 Hakeem Raja</td><td>732.68</td></tr><tr><td>PC 393 Sofaia Matawalu</td><td>3,557.55</td></tr><tr><td>PC 2410 Samuela Suguturaga</td><td>2,641.37</td></tr><tr><td>PC 2557 Peceli Cama</td><td>1,040.69</td></tr></table>	Name	Amount (\$)	PC 2890 Hakeem Raja	732.68	PC 393 Sofaia Matawalu	3,557.55	PC 2410 Samuela Suguturaga	2,641.37	PC 2557 Peceli Cama	1,040.69	<ul style="list-style-type: none">Salary overpayments should be recovered from relevant officers. And in cases where recovery is not possible, the Force should investigate the cause of the overpayment and surcharge responsible officers for the amount not able to be recovered.It is recommended that the payment for leave compensation be withheld until the salary change advice is submitted to the Ministry of Finance.It is also recommended that a list of officers that have resigned from the Force should be provided to the Accounts Section by the HRM and Administration Section on a fortnightly basis for verification purposes.The Force should address these shortcomings by communicating and coordinate matters affecting payroll in a timely manner between the Administration Section and the Accounts Sections.	<p>No action taken by the Department to recover the overpaid salaries.</p>
Name	Amount (\$)											
PC 2890 Hakeem Raja	732.68											
PC 393 Sofaia Matawalu	3,557.55											
PC 2410 Samuela Suguturaga	2,641.37											
PC 2557 Peceli Cama	1,040.69											
<p>Overpayment of Salary – Retirement</p> <p>ASP Pachappa Pillay officially retired from the service with effect from 13/04/06. However, the payment of his salaries and other taxable allowances did not cease until 07/10/06 resulting in a substantial overpayment of salary amounting to \$14,810.60.</p> <p>The salary and allowances of Sergeant Raja Hittam continued to be paid to his bank account until 30/12/06 even though the officer passed away on 16/11/06. The above resulted in a salary overpayment of \$2,311.74.</p>	<ul style="list-style-type: none">Since the amount overpaid is a substantial, the Department should seek other avenues to enable the recovery of the overpaid salaries.In case where recovery is not possible, the Force should investigate the cause of the overpayment and surcharge responsible officers for the amount not able to be recovered.	<p>No action taken by the Department to recover the overpaid salaries.</p>										
<p>Overpayment of Salaries – Interdiction from Duty</p> <p>Audit noted some cases where officers who were interdicted on half salary continued to be paid their full salaries and allowances after the effective date of interdiction. The overpayments of salaries were not recovered. Refer to the Table below for examples</p>	<ul style="list-style-type: none">The Force should instituted measures to improve communications and co – ordination between the relevant Units to ensure actions are taken as soon as possible and to avoid unnecessary overpayments made to the Officers.Salary overpayments should be recovered from relevant	<p>No action taken by the Department to recover the overpaid salaries.</p>										

Issues			Recommendations	Action Taken																																																
EDP No.	Name	Amount (\$)	officers. And in cases where recovery is not possible, the Force should investigate the cause of the overpayment and surcharge responsible officers for the amount not able to be recovered.																																																	
76110	PC Josua Torau	900.06																																																		
57292	PC Atunaisa Kuruibo	4,519.85																																																		
Occupation of Quarters																																																				
<p>Audit noted that officers based in the Central Division are occupying Police Quarters after being promoted to the rank of Inspector. Moreover, the officers failed to pay rent on their Grades as required when officers are promoted to the rank of Inspector or above but still occupy Police Quarters.</p> <p>In addition, the officers are occupying Grade Six quarters instead of Grade Five which is their entitlement. Grade Six quarters have free water and electricity whilst occupants of Grade Five quarters are required to pay their own electricity and water bills. Details of the rent owed by the Officers are shown in the Table below, which excludes the charges for water and electricity.</p>			<ul style="list-style-type: none">The Force should ensure that Quarters Occupation Returns are submitted to Headquarters, specifically, the Accounts Section to ensure that rent are directly deducted from the salaries of those officers who are suppose to be paying rent whilst occupying Quarters.Outstanding rent should be deducted from the respective officers' salaries and for those officers who continue to occupy the quarters have the rent deducted accordingly.An investigation should be carried out for all Divisions and respective Stations to ensure that only officers, who are entitled, occupy quarters.Disciplinary action should be taken against officers who fail to vacate the quarters within the given period of time.																																																	
<table><tr><th>EDP No.</th><th>Name</th><th>Amount as per 2006 report(\$)</th><th>Market Rate charge for illegal occupation (\$)</th></tr><tr><td>51588</td><td>IP Lavenia Lovodua</td><td>506.34</td><td>6,351.44</td></tr><tr><td>50971</td><td>IP Solomona Tui</td><td>423.27</td><td>5,380.66</td></tr><tr><td>51934</td><td>IP Hasmat Ali</td><td>1,861.56</td><td>14,683.42</td></tr><tr><td>50226</td><td>IP Diwan Chand</td><td>1,587.06</td><td>13,371.44</td></tr><tr><td>50272</td><td>IP Jitendra Kumar</td><td>670.50</td><td>7,418.58</td></tr><tr><td>50679</td><td>IP Erami Raibe</td><td>1,633.83</td><td>13,692.90</td></tr><tr><td>50012</td><td>IP Sakuisa Tikotani</td><td>670.50</td><td>3,998.58</td></tr><tr><td>51545</td><td>IP Kishore Kumar</td><td>1,861.56</td><td>14,692.34</td></tr><tr><td>51641</td><td>IP Ulaiasi Ravula</td><td>1,600.92</td><td>7,701.46</td></tr><tr><td>50472</td><td>IP Raj Kumar</td><td>1,861.56</td><td>12,587.54</td></tr><tr><td>50731</td><td>IP Permal Yentesh</td><td>2,063.06</td><td>15,991.20</td></tr></table>			EDP No.	Name	Amount as per 2006 report(\$)	Market Rate charge for illegal occupation (\$)	51588	IP Lavenia Lovodua	506.34	6,351.44	50971	IP Solomona Tui	423.27	5,380.66	51934	IP Hasmat Ali	1,861.56	14,683.42	50226	IP Diwan Chand	1,587.06	13,371.44	50272	IP Jitendra Kumar	670.50	7,418.58	50679	IP Erami Raibe	1,633.83	13,692.90	50012	IP Sakuisa Tikotani	670.50	3,998.58	51545	IP Kishore Kumar	1,861.56	14,692.34	51641	IP Ulaiasi Ravula	1,600.92	7,701.46	50472	IP Raj Kumar	1,861.56	12,587.54	50731	IP Permal Yentesh	2,063.06	15,991.20	<p>The Department with the assistance of Department of Lands obtained the market value of rent to Nasova/ Nasese and Valelevu quarters. The illegal occupants were issued with a memorandum on the current market rent rate surcharged upon them. To date, deductions have yet to commence.</p> <p>For other divisions, no market rate is established as yet and no recovery is made till to the date of audit.</p> <p>For some officers rent as per General Order is charged but it is only for the current period.</p>	
EDP No.	Name	Amount as per 2006 report(\$)	Market Rate charge for illegal occupation (\$)																																																	
51588	IP Lavenia Lovodua	506.34	6,351.44																																																	
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50731	IP Permal Yentesh	2,063.06	15,991.20																																																	
Navosa and Nasese																																																				

Issues				Recommendations	Action Taken
EDP No.	Name	Amount as per 2006 report(\$)	Market Rate charge for illegal occupation (\$)		
51284	A/SSP Jonasa Leakai	1,934.20	23,058.40		
49650	ASP Ram Chetty Yenkataiya	2,387.95	No market rate provided		
51112	ASP Sera Bernard	1,459.92	11,508.27		
51023	A/ASP Rusiate Tudrau	1,731.18	No market rate provided		
50645	IP Keshwan	1,734.96	No market rate provided		
Southern Division					
EDP No.	Name	Amount as per 2006 report (\$)			
51600	IP Manoj Singh	1,842.07			
51372	IP Sakiusa Nakalevu	1,554.78			
51346	IP Nacanieli Veremalua	350.40			
50959	IP Jese Ulacake	663.24			
Officers Occupying Quarters and Also Receiving Lodging Allowances					
Audit noted that some officers' who are occupying Police Quarters are also receiving lodging allowance. Refer to the Table Below for details:				<ul style="list-style-type: none">• Payment of lodging allowance to those officers that are not entitled to such allowances should cease immediately.• Recovery of overpaid allowances through direct salary deductions should commence immediately for those that have yet to repay the overpaid lodging allowances.• It is also recommended that Police Officers are made aware of the Standing Orders and that it is also their individual responsibility to inform their immediate Supervisor or the Administration and the Accounts Sections if they are receiving allowances outside their entitlements.	No action taken by the Department to recover the overpaid lodging allowances.
Name	Amount as per 2006 report(\$)	Overpayment as at 18/11/07 (\$)	Total Overpaid Amount (\$)		
Rohitesh Choy	1,913.03	437.55	2,350.58		

Issues	Recommendations	Action Taken																																
Overpayment of Salary – Leave Without Pay																																		
<p>PC Salend Pal's application for leave without pay to pursue his studies at the University of the South Pacific was approved by the Commissioner of Police with effect from 13/02/06. According to correspondences sighted by audit, the officer went overseas instead and tendered in his resignation from abroad. Audit noted that the payment of the officer's salary did not cease until Pay 10/06 resulting in an overpayment of salaries amounting to \$3,680.36.</p> <p>In addition, the 2005 audit also highlighted that the officer resigned from the Force on 31/03/05 and later applied for re – engagement into the Force, which was approved by the Commissioner of Police with effect from 06/06/05. However, the officer continued to receive his salaries between the date he resigned and the date he rejoined the service resulting in an overpayment of salaries amounting to \$2,952.05. The overpayment was not recovered by the Department. Refer to the Table below:</p> <table><tr><th>Year</th><th>Amount (\$)</th></tr><tr><td>2005</td><td>2,952.05</td></tr><tr><td>2006</td><td>3,680.36</td></tr><tr><td>TOTAL Overpayment</td><td>6,632.42</td></tr></table>	Year	Amount (\$)	2005	2,952.05	2006	3,680.36	TOTAL Overpayment	6,632.42	<ul style="list-style-type: none">The Department should make arrangement with the officer to recover the overpaid amount. If recovery is not possible, the Force should investigate the cause of the overpayment and surcharge responsible officers for the amount not able to be recovered.The internal control procedures in the Payroll Section, specifically supervisory checks, should be strengthened to avoid such discrepancies.	No action taken. The officer resigned from the service.																								
Year	Amount (\$)																																	
2005	2,952.05																																	
2006	3,680.36																																	
TOTAL Overpayment	6,632.42																																	
Overpayment of Plain Clothes/ CID Allowance – 2005 Follow up																																		
<p>Scrutiny of the payroll records indicated that a substantial number of Police officers are receiving allowances that they are not entitled resulting in overpayment of salaries. Refer to the table below for examples</p> <table><tr><th>Name</th><th>Amount as per 2006 report (\$)</th><th>Amount Recovered (\$)</th><th>Amount not Recovered (\$)</th></tr><tr><td>Bhawani Chand</td><td>3,741.61</td><td>50.00</td><td>3,691.61</td></tr><tr><td>Esira Dokoni</td><td>1,981.56</td><td>1,104.52</td><td>877.04</td></tr><tr><td>Nischal Dass</td><td>4,867.39</td><td>-</td><td>4,867.39</td></tr><tr><td>Maika Wavila</td><td>692.47</td><td>-</td><td>692.47</td></tr><tr><td>Osea Qiolevu</td><td>1,145.88</td><td>-</td><td>1,145.88</td></tr><tr><td>Ahmed Khan</td><td>3,127.71</td><td>-</td><td>3,127.71</td></tr><tr><td>Esala Tokalau</td><td>1,715.72</td><td>-</td><td>1,715.72</td></tr></table>	Name	Amount as per 2006 report (\$)	Amount Recovered (\$)	Amount not Recovered (\$)	Bhawani Chand	3,741.61	50.00	3,691.61	Esira Dokoni	1,981.56	1,104.52	877.04	Nischal Dass	4,867.39	-	4,867.39	Maika Wavila	692.47	-	692.47	Osea Qiolevu	1,145.88	-	1,145.88	Ahmed Khan	3,127.71	-	3,127.71	Esala Tokalau	1,715.72	-	1,715.72	<ul style="list-style-type: none">All overpaid allowances should be recovered.The internal control procedures in Payroll section, specifically supervisory checks, should be strengthened to avoid such discrepancies.All police officers should be made aware of the Standing Orders and that it is also their individual responsibility to inform the Administration and Accounts Sections if they are receiving allowances outside their entitlements.	No action taken by the Department to recover the overpaid allowances.
Name	Amount as per 2006 report (\$)	Amount Recovered (\$)	Amount not Recovered (\$)																															
Bhawani Chand	3,741.61	50.00	3,691.61																															
Esira Dokoni	1,981.56	1,104.52	877.04																															
Nischal Dass	4,867.39	-	4,867.39																															
Maika Wavila	692.47	-	692.47																															
Osea Qiolevu	1,145.88	-	1,145.88																															
Ahmed Khan	3,127.71	-	3,127.71																															
Esala Tokalau	1,715.72	-	1,715.72																															

Issues				Recommendations	Action Taken
Elia Lawenibua	2,877.07	-	2,877.07		
Salen Kumar	4,799.89	-	4,799.89		
Tevita	530.04	-	530.04		
Overpayment of Salaries – Interdiction from duties – 2005 Follow up					
Audit noted a number of cases where officers were continued to be paid full salaries although they have been interdicted from duty on half salary. Refer to the table below for examples:				<ul style="list-style-type: none">The force should address these shortcomings by communicating and coordinate matters affecting payroll in a timely manner between the Administration Section and the Accounts Sections.Salary overpayments should be recovered from relevant officers. And in cases where recovery is not possible, the Force should investigate the cause of the overpayment and surcharge responsible officers for the amount not to be able to recover.	No action taken by the Department to recover the overpaid salaries.
Name		Amount as per 2006 report (\$)			
Akuila Maki		700.86			
Elia Lawenivula		1,604.68			
Gauna Vakalevei		696.39			
Viliame Gudrovoli		790.17			
Timoci Nauta		831.59			
Elic Mccomber		2,204.76			
Veer Chand		2,332.66			
Sheikh Khan		2,589.70			
Patrick Nayagilagilagi		522.38			
Uluaiasi Robanakadavu		868.61			
Incorrect payment of salaries - Resignation					
Audit noted that Police Constable Ram Naidu was overpaid salary of \$6,717.92 upon resignation.				<ul style="list-style-type: none">Salary overpayment should be recovered from relevant officer. And in case where recovery is not possible, the Force should investigate the cause of the overpayment and surcharge responsible officers for the amount not able to be recovered.It is recovered that the payment for leave compensation is withheld until the salary change advice is submitted to the Ministry of Finance.It is also recommended that a list of officers that have resigned from the force should be provided to the Accounts section by the HRM and Administration section on a fortnightly basis for verification	No action taken by the Department to recover the overpaid salaries.

Issues	Recommendations	Action Taken																								
	<p>purposes.</p> <ul style="list-style-type: none">The Force should address these shortcomings by communicating and co-ordinating matters affecting payroll in a timely manner between the Administration section and the Accounts sections.																									
Over payment of lodging allowance – 2004 Follow up																										
<p>The 2004 audit highlighted numerous cases of overpaid lodging allowances. A follow up on the recovery of these overpaid allowances revealed that the Department has yet to recover from these officers although the payments of lodging allowances have ceased.</p> <table><tr><th>Name</th><th>Amount due as at 2004(\$)</th><th>Overpayment after 2005 report (\$)</th><th>Total amount As at pay 06/07(\$)</th></tr><tr><td>Usaia Waga</td><td>486.17</td><td></td><td>486.17</td></tr><tr><td>Akuila Senikurouri</td><td>6,467.51</td><td></td><td>6,467.51</td></tr><tr><td>Apolosa Vunisa</td><td>468.47</td><td></td><td>468.47</td></tr><tr><td>Maikeli Duve</td><td>5,000.69</td><td></td><td>4,207.26</td></tr><tr><td>Peni Dagadaga</td><td>245.49</td><td>148.76</td><td>394.25</td></tr></table>	Name	Amount due as at 2004(\$)	Overpayment after 2005 report (\$)	Total amount As at pay 06/07(\$)	Usaia Waga	486.17		486.17	Akuila Senikurouri	6,467.51		6,467.51	Apolosa Vunisa	468.47		468.47	Maikeli Duve	5,000.69		4,207.26	Peni Dagadaga	245.49	148.76	394.25	<ul style="list-style-type: none">Payment of lodging allowance should cease immediately to those officers that are not entitled to such allowances.Recovery of overpaid allowances through direct salary deductions should commence immediately for those that have yet to repay the overpaid lodging allowances.It is also recommended that police officers are made aware of the Standing Orders and that it is also their individual responsibility to inform the Administration and the Accounts Section if they are receiving allowances outside their entitlements.The force should ensure that internal control procedures in the Payroll Section are strengthened so as to avoid such discrepancies.	<p>No action taken by the Department to recover the overpaid salaries.</p>
Name	Amount due as at 2004(\$)	Overpayment after 2005 report (\$)	Total amount As at pay 06/07(\$)																							
Usaia Waga	486.17		486.17																							
Akuila Senikurouri	6,467.51		6,467.51																							
Apolosa Vunisa	468.47		468.47																							
Maikeli Duve	5,000.69		4,207.26																							
Peni Dagadaga	245.49	148.76	394.25																							

Recommendation

The Department should take heed of audit recommendations and recover the overpaid salaries from the relevant officers.

Management Comments**Resignation**

PC 2890 Hakeem Raja - \$732.68

PC 393 Sofaia Matawalu - \$3557.55

PC 2410 Samuela Suguturaga - \$2641.37

PC 2557 Peceli Cama

Recoveries on the overpayments for these officers were not possible as they have already left the Force. However, your recommendation to withhold leave compensation for the purpose of recovering overpayment is acknowledged and is currently assisting in that regard.

Retirement

ASP Pachappa Pillay – Investigation is under way.

Sgt. Raja Hittan – lack of co-ordination in the communication within the force has resulted in the overpayment. Unfortunately we are unable to recover the amount.

17.17 Arrears of Revenue

Within one month after the end of each quarter, each agency with accounts receivable must submit a quarterly report on outstanding and overdue debts to the Ministry of Finance.²⁰

The Police Department collects various types of revenue which includes issuance of firearms license permitting holders to purchase, acquire and possess the firearms. Every license shall expire on the thirty-first day of December following the date of issue or renewal.²¹

Arrears of revenue from firearms license amounted to \$13,067 as at 30/06/07, of which 82% of the arrears are over 2 years. The total arrears stated in the Arrears of Revenue Return prepared by the Department were incorrect as a number of Police Stations failed to submit arrears of revenue reconciliation to the Accounts Section. Moreover, the reconciliations from July to December 2007 were not carried out.

It also revealed that some firearm license holders have paid their license fees but because of poor record keeping, these may have not been taken into account in the Arrears of Revenue Return.

If the reconciliations of arrears of revenue are not carried out properly to include all relevant Police Stations, the amount reflected on Appendix 24 of the Accounts and Finance may be incorrect.

Recommendations

- **The Department should recover the arrears from the licence holders.**
- **Officers in charge of Police Stations should be directed to submit Return of Arrears of Revenue so that the true value of the revenue in arrears can be determined correctly.**
- **Irrecoverable arrears of revenue should be written off with the approval of Ministry of Finance.**

Management Comments

The Fiji Police admits the examination by your office raised in your report is true.

Therefore, in the Financial Year 2008 the Armoury Section has to provide the total number of firearms distributed. The police stations on each division and they are duty bound to collect revenue on firearms identified by the said section so as the exact arrears of revenue is reflected.

17.18 Audit Limitation – Removal of Records by FICAC

The Auditor General has the powers to audit the Accounts and Finance of Government Departments or Ministries established by law.²²

In the exercise of his duties under the Audit Act, the Auditor-General or any person duly authorised by him shall be entitled –²³

- (a) to have access to all records, books, accounts, vouchers, documents, cash, stamps, securities, stores or other Government property under the control of any officer;

²⁰ Finance Instructions 2005 – Section 50

²¹ Arm & Ammunition Act Cap 188 Edition 1978. Section 6 (5).

²² Section 167 of the Constitution, the Audit Act (Cap 70) and the Finance Act

²³ Audit Act – Section 7(2)

- (b) to send for and have the custody of any records, books, accounts, vouchers or documents under the control of any officer, and to keep such records, books, accounts, vouchers or documents for such time as he or she may require them.

With the exception of Payroll, audit could not verify and substantiate the accounts, finance and transactions of the Department for the period 01/01/07 to 31/05/07 as all relevant documents were removed by the Fiji Independent Commission Against Corruption (FICAC). The total non-payroll expenditures incurred by the Department from January to May amounted to \$3,674,191, which is 34% of the non-payroll budget. Refer to Table 17.7 for details:

Table 17.7: Expenditures records not provided for audit verification

Allocation	SEG & Expenditure Item	Amount Expended (\$)
Activity 1 120101	3. Travel & Communications	1,085,328
	4. Maintenance & Operation	538,137
	5. Purchases of Goods & Services	214,432
	6. Operating Grants & Transfers	-
	7. Special Expenditures	34,034
	8. Capital Construction	-
	9. Capital Purchases	66,259
Total Activity 1		1,938,190
Activity 2 120102	3. Travel & Communications	14,798
	4. Maintenance & Operation	9,925
	5. Purchases of Goods & Services	1,296
	6. Operating Grants & Transfers	-
	7. Special expenditures	64,535
Total Activity 2		90,554
Activity 3 120103	3. Travel & Communications	124,122
	4. Maintenance & Operation	6,203
	5. Purchases of Goods & Services	4,052
	6. Operating Grants & Transfers	-
	7. Special expenditures	19,360
Total Activity 3		153,737
Activity 4 120104	3. Travel & Communications	10,611
	4. Maintenance & Operation	773,490
	5. Purchases of Goods & Services	1,066
Total Activity 4		785,167
Activity 5 120105	3. Travel & Communications	16,157
	4. Maintenance & Operation	-
	5. Purchases of Goods & Services	44,219
	6. Operating Grants & Transfers	-
	7. Special expenditures	3,967
Total Activity 5		64,343
Activity 5 120105	3. Travel & Communications	427,698
	4. Maintenance & Operation	100
	5. Purchases of Goods & Services	214,402
Total Activity 6		642,200
TOTAL EXPENDITURES		3,674,191

The audit is unable to express an opinion on the activities and accounts of the Department from January to May 2007.

Recommendation

The Department should provide all the relevant records for audit verification in order to ascertain whether the accounts of the Department are free of fraud, error and material misstatements.

Management Comments

The Fiji Police will provide the document in question to the office of the Auditor General once released from FICAC.

17.19 Purchases from Lotus Garment Ltd

Public tenders may be called for procurement of goods, services or works valued at \$20,000 or more unless a Tender Board had approved an exemption in accordance with Finance Instruction 12(6).²⁴

On 24/08/07, the Major Tenders Board in its meeting No. 49/07²⁵ approved the supply of Police Uniforms from Lotus Garments Ltd as highlighted in the Table below:

Item	Particulars
Trousers Navy Blue	8,000 pieces @ \$18.90= \$151,200 VIP
Hi-Visibility Reflective Police Rain Jacket / Concealed Hood/ Reflective Vest	1,000 pairs @ \$240 = \$240,000 VIP

In the same meeting, the Major Tenders Board put on hold the decision for the supplier of Sky Blue shirt, Khaki Trousers and Silver Grey shirt.

However the Department continued to make unauthorised purchases from Lotus Garments Ltd although cautioned by audit in the 2005 & 2006 reports to obtain proper approval. Refer below for example:

Chq No. & Date	Particulars	Amount (\$)
623633 of 29/06/07	Being payment of account for the following LPOs for supply of Silver Grey Uniform and Sky Blue Shirt with Trousers: LPO No. 880 - Invoice 8900 LPO No. 888 - Invoice 9801	250,200.00

The Department also purchased 2,000 leather pouches at a total of \$78,750 from Lotus Garments Ltd without seeking the approval of the Major Tenders Board. At the time of the audit, the cost of the leather pouches were yet to be settled.

The continued purchases from the particular supplier demonstrates deliberate disregard of regulations governing the procurement of goods and services.

Recommendations

- **The approval of Major Tender Board must be obtained for any purchases above \$20,000.**
- **Disciplinary actions should be taken against those who continue to disregard regulations governing the procurement of goods and services.**

²⁴ Fiji Police Force Finance Manual 2005 Section 2.3.1

²⁵ Major Tender Board, Tender CTN 49/07 Supply of Uniforms - Police

Management Comments

The bureaucratic stand for the decision made by the major Tender Board at its meeting held on 7/8/08 to hold the purchase of the items in question is bureaucratic rigid and does not hold the practical operation and the technical demand of the Fiji Police Force.

*The constitutional objective of the Commissioner of Police is to administer and be accountable to the member of the Fiji Police Force so as to fulfil the **Section 7 and 60 (b) of the Police Act – Chapter 85.***

The items in question was urgently needed as a requirement under the said legislation, the materials were available at the Lotus Garments thus purchase were made.

17.20 Missing Payment Vouchers

All payments must be processed through the payment vouchers prepared by the Accounts Officers. Separate vouchers are to be used for separate payees and for the payment of different services.²⁶

Some payment vouchers were missing from the batch of payment voucher files provided for audit. Therefore, the authenticity and correctness of the payments could not be substantiated. Refer to Table 17.8 for examples:

Table 17.8: Missing Payment Vouchers

Date	Cheque No.	Payee	Amount (\$)
09/07/07	623970	Brijlal & Co	160.00
09/07/07	623973	Pepe's Duty Free	110.00
09/07/07	623975	Shantilal Bro's	10,152.00
09/07/07	623976	Suva Stationery	4,999.98
09/07/07	623979	Toner Tech Ltd	80.00
10/07/07	623996	Nivis Motors	10,703.59
29/06/07	623595	Kemueli R	485.00
27/06/07	623494	J. S. Onisimo	928.20
27/06/07	623524	Maharaj Minimart	204.30
27/06/07	623556	Kemueli R	425.00
19/07/07	624452	C/o CPS	828.00
19/07/07	624453	Colonial health	56.62
19/07/07	624373	Dai-ichi Motors	550.00
19/07/07	623730	ANZ	4,413.50
19/07/07	623731	Bank of Baroda	368.02
19/07/07	623732	CNB	9,486.62
19/07/07	623733	Commissioner of Police	650.75
19/07/07	623481	Vodafone Fiji Ltd	13,643.13
22/10/07	627929	Lotus Garments Ltd	255.00

Missing payment vouchers increases the risk of fraud and mismanagement of funds and indicate poor maintenance of accounting records.

Recommendations

- The Department should ensure that all the Payment Vouchers are filed intact for audit purposes.
- The missing payment vouchers should be provided for audit purposes.

²⁶ Police Department Finance Manual 2005. Section 2.8.1

Management Comments

The office of the Force Accountant have to locate the where about of the vouchers in question and inform the Auditor General accordingly for its inspection.

17.21 Civil Litigation

In 2007, the Department was allocated \$40,000 to meet civil litigation claims.

Audit noted an over-expenditure of \$24,797 in the budgetary allocation for civil litigation. Of the total expenditure incurred, audit was not able to verify expenditures totalling \$34,711 due to the removal of records by FICAC.

On 6/09/07, Department Warrant 143/2007 for \$22,000 was issued to the Solicitor General for an out of Court settlement in a civil action case between *Alexander Whippy v Isireli Tora & Attorney General*. PC Isireli Tora, a driver with the Department, was involved in an accident with the plaintiff and was convicted of careless driving.

The Department has yet to take any action to recover the amount paid from the driver. PC Isireli Tora is still employed by the Department.

Recommendation

The Ministry of Finance should surcharge PC Isireli Tora the amount paid to the plaintiff in the out of court settlement.

Management Comments

The amount of \$24,797 which exceeded the budget provision was regularized by virement warrants prepared at the end of the financial year 2007.

Regarding the conviction of an officer on careless driving which cost the Fiji Police Force \$22,000, the Fiji Police Force will identify and inform the Ministry of Finance on the amount to be surcharged.

17.22 Maintenance of Cheques

The Assistant Accounts Officers Payments or the Assistant Accounts Officer Ledgers shall enter details of cheques drawn into a Payment Cashbook before they are issued. The cashbook shall contain details of the payee, payment date, ledger account, cheque details and the amount paid.²⁷

The following anomalies were noted:

- Some payments made by the Department were not recorded in the cashbook. Refer to the Table below for examples:

Cheque No.	Payee	Amount (\$)
624572	Akeneta Tokana	99.00
624573	Metuisela Vulaono	63.00
624541	Chottu's Motel	57.75

²⁷ Police Department Finance Manual 2005. Section 2.8.8
Fiji Police Force

Cheque No.	Payee	Amount (\$)
624542	Commissioner of Police	3,000.00
624543	Divisional Special Branch	522.00

- Cheques were not issued in a sequential order. Refer to the Table below for examples:

Date Used	Cheque No.
19/07/07	624442-624500
19/07/07 -23/07/07	625101-625194
24/07/07 -27/07/07	625001-625069
27/07/07	625195 -625336
30/07/07 – 03/08/07	625070-625491
03/08/07 -14/08/07	624502-624999
05/08/07 -29/08/07	625501-626000

- Cheques that have been cancelled in the cashbook; were still appearing in the FMIS²⁸ payments register. Refer to the Table below for examples:

Date	Cheque No.
20/07/07	251178 - 251185
19/07/07	624487
03/08/07	624522
20/07/07	625178 - 625185
31/07/07	625438
01/08/07	625452
21/06/07	623203 - 623204

The above anomalies highlight poor payment control procedures by the Department which could result in double payments and mismanagement of funds.

Recommendations

- **The Department should ensure that all relevant payment details are properly entered in the Cashbook.**
- **The Department should ensure that cheques are written in a sequential order to avoid mismanagement of funds.**
- **FMIS system should be updated as soon the transactions occur to avoid misrepresentation of data.**

Management Comments

The Assistant Accounts Officer Payments will be officially informed to ensure that all cheques issued are recorded in the cash book and cheques are generated in sequential order.

17.23 Court Exhibits

Upon completion of the case in a court of law the prosecuting officer shall request the magistrate or judge to make an order for the disposal of exhibits. The order shall be effective upon the completion of 28 days appeal period.²⁹

²⁸ Finance Management Information System.

²⁹ Procedures for Seizure, Management & Disposal of Exhibits. Section 5.3.1

The Officer in charge of an Exhibits Store should be responsible for the correct maintenance of the Register of the Court Exhibits.³⁰ Upon receiving the exhibits, the particulars are entered into the Exhibits Register before they are taken to the Exhibit Room. All exhibits shall be kept in a locked and secure exhibit store. There shall be only key available to this store which shall be kept in the possession of the Crime Writer or Station Officer.³¹

Before handling exhibits, the investigating officer shall ensure that occupational health and safety procedures are followed in handling seizure items both at the place of seizure and on Fiji Police premises when the said exhibits are under their custody in accordance with Occupation and Health safety procedures such as identifying potential hazards, taking necessary care to manage these hazards, providing staff under their duty of care with the appropriate safety clothing and equipment.³²

The following anomalies were noted:

Exhibits Not Yet Returned to the Owners

Exhibits pertaining to cases that have been discharged or ordered by the Court to be returned to the legal owners are still maintained in the Exhibit Room. The Exhibit Writer revealed that the Stations have not been able to locate the legal owners of the exhibits as some have changed their addresses. Refer to Table 17.9 for examples:

Table 17.9: Exhibits not yet returned to the Owners

Exhibit No.	Crime Register No.	Item Description
Samabula Police Station		
03/07	380/95	Assorted imitation jewellerys, Fijian & American currencies
06/07	PEP 89/97	Cash \$40
07/07	577-579/97	Cash \$50.20 & Queen's Pawn Shop receipt
08/07	PEP 26/2000	Exercise Books & Cash
09/07	PEP 100/2000	1 counterfeit note to be given to RBF for disposal
10/07	UB 1/02	Cash \$25 to be deposited to govt Revenue account
14/07	430/94	Accessories & cash \$13
15/07	1171/93	Purse, gold chain and cash \$10 (Indonesian currency) and \$10 (Singapore currency)
16/07	539/93	Cash \$160
17/07	875/93	Diamond sapphire bracelet and earrings
18/07	765/88	Cash \$12
19/07	PEP 87/90	Cash \$13
20/07	CR 144/91	Cash \$11.84
Valelevu Police Station		
108/07	-	Fake notes: to be given to RBF for disposal - 7 @ \$20, 4 @ \$10
126/06	-	Cash \$14.99
221/07	-	Cash \$151
290/07	-	Cash \$2,000 Cash \$1,000 Cash \$1,000 Cash \$770 Cash \$1,010

³⁰ Fiji Police Force Standing Orders 313 (21)

³¹ Fiji Police Force Standing Orders 313 (17)

³² Fiji Police Force – Procedures for Seizure, Management and Disposal of Exhibits – 5.2.1.3 – Duties of Investigating Officer – (c)

Exhibit Rooms

The Exhibit Rooms in the various Police Stations are too small to properly maintain the increasing number of Court exhibits. As a result, exhibits are not stored properly and are scattered and piled on top of each other affecting the longevity, accessibility and proper accountability of the exhibits. Refer to the following photographs for examples:



Exhibit Room – Samabula Police Station



Exhibit Room – Nausori Police Station

The court exhibits at the Valelevu Police Station are maintained in the Exhibit Writer's office and two storage containers outside the Police Station complex. The storage containers are not suitable for storing exhibits as the conditions of some exhibits such as alcohol have been adversely affected. Court exhibits are also maintained on top of the storage containers and are accessible to the public. Refer to the following photographs for examples:



Exhibit Writers Room – Valelevu Police Station



Exhibits on top of the storage containers – Valelevu Police Station



Storage containers used as Exhibit Room - Valelevu



Exhibits inside the storage containers - Valelevu

Exhibits Not Recorded - Samabula Police Station

Some exhibits stored in the Exhibit Room have yet to be recorded in the Exhibit Register. This was due to improper handing over by the previous Exhibit Officer. Refer to the Table below for examples:

Item Description
5* white plastic chair
3 piece sofa set
1 white plastic table
1 boat engine – Johnson (Sea horse)
1 TV Cabinet
Scrap metals
Blue Car Jack
4 Carton Stubbies (375 ml)
4 Carton Stubbies (750 ml)
Black pipes

Missing Exhibits: Valelevu Police Station

Physical verification of a sample of valuable exhibits at the Valelevu Police Station exhibits revealed that some items have been misplaced. Refer to Table 17.10 for examples:

Table 17.10: Missing Exhibits

Case Exhibit No.	Item
46/07	Cash \$265.00
49/07	Cash \$27.00
65/07	White pair of Nike canvas
74/07	Kenwood Stereo
75/07	Cash \$8.00
86/07	Jewelleries (Gold plated, pearl earrings, gold & imitation necklace)
105/07	Car stereo (Pioneer)
139/07	A Sony stereo, two remote & two Hindi tape
147/07	Video tapes & deck
171/07	2 black Kenwood speakers & CD's
202/07	Black Addidas wallet in brown envelope
451/07	Sunglass
452/07	2 set perfumes, battery charger, 2 black cable & digital camera cable

Various Discrepancies - Nausori Police Station

Audit noted the numerous discrepancies in the maintenance of the exhibits at the Nausori Police Station. Refer to Table 17.11 for details:

Table 17.11: Discrepancies noted in the maintenance of the exhibits

Exhibit Index	Date	Discrepancies
12/07	29/12/07	A \$10 note was kept in exhibit. However the new serial number AF660555 was different from the serial number written in year 2006; Reference Exhibit Index 14/06
66/07	29/12/06	3 * \$10 recharge cards were missing from the Exhibit Room

Exhibit Index	Date	Discrepancies
152/07	29/12/06	<ul style="list-style-type: none"> • 29 * \$15 recharge cards not recorded in the Exhibit Register • 3 Westpac deposit books not recorded in the Exhibit Register • The serial numbers of all the notes currencies were not written in the Exhibit Register. • 3 bank deposit slips were not recorded in the Register.
153/07	29/12/06	Total of \$37.85 was missing: 21 * 50 cents. 119 * 20 cents. 41 * 5 cents 50 * 2 cents. 50 * 1 cent.
401/07	29/12/06	\$43.75 not recorded in the Exhibit Register.
642/07	29/12/06	Total of \$370.31 was missing.
219/07	29/12/06	Exhibit containing 1 * 6 large bottles of Fiji Bitter was to be returned to the lawful owner on 27/03/06, however it was not returned.
220/07	29/12/06	1 * 7.5 large bottles of Fiji Bitter was to be returned to the lawful owner on 27/03/06, however it was not returned.
221/07	29/12/06	2.5 large bottles of Fiji Bitter were to be returned to the lawful owner on 24/10/06, however were not returned.
440/07	29/12/06	5 large bottles of Fiji Bitter were to be returned to the lawful owner on 18/05/07, however they were not returned.
567/07	29/12/06	1 Gas Cylinder was to be returned to the lawful owner on 15/06/06, however it was not returned.
568/07	29/12/07	Exhibits noted below were to be returned to the lawful owner on 14/06/06, however were not returned. <ul style="list-style-type: none"> • 1 * 750 ml Regal Whisky • 1 Tonne brown clothes • 1 pinch bar • 1 pad lock (Damaged) • 15 nails
569/07	29/12/06	Exhibits containing 3 piece brown colour sofa set was burnt by the Station due to lack of storage space and deteriorating condition of the sofa set. Prior approval was not taken from the Court.
1678/07	N/A	1 * Panasonic Radio was missing.

It was also noted that protective clothing and equipment are not issued to officers looking after the exhibits.

It is the responsibility of the Department to equip the Exhibit Writer with proper equipment and provide adequate and proper storage space for all exhibits under their control to ensure that the integrity as evidences in court proceedings, other judicial proceeding or for further police investigation are not jeopardised.

The above discrepancies indicated the lack of internal control in safeguarding exhibits and non – compliance with the *Procedures for Seizure, Management and Disposal of Exhibits* policies which increases the risk of theft and misappropriation of exhibits.

Recommendations

- All exhibits relating to police investigations that have been completed and gone through the Courts be returned to the rightful owner or properly destroyed according to the *Procedures for Seizure, Management and Disposal of Exhibits*.
- Proper handing over should be conducted when changing Exhibit Writer.
- All unrecorded exhibits should be recorded in an Exhibits Register as soon as possible.

- Regular inspection should be carried out to ensure that all exhibits under custody are safeguarded from thefts and misappropriations.
- The Department should ensure that the Officer responsible for the exhibits is supplied with protective clothing and equipment while handling the seizure items.

Management Comments

Valelevu Police Station

The item description questioned in your report are still kept at their respective police station except the fake notes that were delivered to the Reserve Bank of Fiji for its disposal.

Exhibits Rooms – (7.4.2)

The Fiji Police Force has submitted to the Ministry of Finance & Planning requests for funding on the constructions of Exhibit Room's through the 2009 PSIP Budget preparation.

Exhibits Not Recorded in the Exhibits Register – Samabula Police Station (7.4.3)

Instructions were forwarded to Station Officer Samabula to ensure that all exhibits received are to be entered and recorded in the Exhibits Register as in accordance with the Force Standing Orders.

Missing Exhibits – Valelevu Police Station (7.4.4)

Upon examinations made on the exhibits on 25/07/08 it was observed that out of thirteen (13) exhibits in question only four (4) were missing.

Various Discrepancies – Nausori Police Station (7.4.5)

S/N	Exhibit No.	Remarks
1	12/07	<i>The S/N AF 660555 has not changed. On the register there are two similar numbers but one was with the alphabet that AF</i>
2	66/07	<i>3x10 Recharge Card is missing presumably misplaced. These recharge cards are old and torn. The crime writer have been addressed on this issue.</i>
3	152/07	<i>3 Westpac Deposit Books has been registered as RCE 153/07. As for the S/No. all numbers were recorded in 2006 but when entries were carried forward in 2007 the Crime Writer forgot to record. Crime Writer have been addressed on this issue.</i>
4	a) 29 \$15 Recharge Card b) 3 Bank slips	- Relevant CR to be determined and shortfall will be addressed - As above
5	153/07	<i>The exhibit have been found which was misplaced in SO's safe</i>
6	401/07	<i>Physical check was made and found that \$10.00 was not recorded. It is believed that the mistake arose during the original counting exhibit.</i>
7	642/07	<i>Another physical check made and found that there was no money missing. Serial numbers checked and found them all recorded.</i>
8	1678/07	<i>Exhibit found in the exhibit room. This is due to lack of space in the exhibit room.</i>
9	220/07	<i>Destroyed by pouring today 7/4/08</i>
10	221/07	<i>As above</i>
11	440/07	<i>Exhibit returned to owner Mrs. Ping Chan on 5/4/08</i>
12	567/07	<i>Exhibit returned to lawful owner on 7/4/08</i>
13	568/07	<i>Exhibit will be returned next week</i>
14	569/07	<i>Owner have been asked to come and collect exhibit by next week</i>

All queries have been noted and actioned to ensure that no future shortfall as far as exhibit is concerned please.

17.24 Delays in Recovering Surcharges

If a surcharge is imposed, the driver shall be informed in writing. The Solicitor General (SG) shall also be notified of the surcharge action.^{33[1]}

There is a delay by the Department in recovering costs of repairing motor vehicles from drivers that caused accidents due to carelessness and negligence. Numerous requests by the Office of the Solicitor General and the Ministry of Finance for relevant information have not been provided by the Department. Refer to Table 17.12 for example:

Table 17.12: Delays in recovering Surcharges

Vehicle Registration No.	Driver	Remarks
GM 793	Ilisoni Toronivau	The accident occurred at Raviravi, Ba on 10/03/04. The Department was notified by the Office of the Solicitor General and the Ministry of Finance on 19/04/05 and 06/06/06 respectively to determine the cost of the accident in order to surcharge the driver. A follow up request by the Ministry of Finance was submitted on 14/03/07. However, the Department is yet to determine the cost of repairs to the vehicle to date. As such, the costs of repairing the vehicle have yet to be recovered from the driver.
GM 644	Laveni Taukalau	The accident occurred at Natabua , Lautoka on 05/03/02., Ministry of Finance notified the Department on 02/07/07 of surcharge action where by \$20 per fortnight was to be deducted from the officer's pay commencing from Pay 14 of 2007 until the total cost of \$5,909.87 was recovered. The Department has yet to commence the direct salary deductions as at the time of audit. As such, the costs of repairing the vehicle have yet to be recovered from the driver.
GM 167	-	In a memo dated 04/04/06, the Office of the Solicitor General notified the Department to determine the cost of repair in order to surcharge the driver. Ministry of Finance also sent reminder notices on 21/04/06 and 14/08/07 respectively for the Department to determine the cost of repairs to go ahead with the surcharge action. However, the Department failed to determine the cost of repairs. As such, the costs of repairing the vehicle have yet to be recovered from the driver.
GM 197 & GM 095	Lemeki Toutou	In a memo dated 12/01/07, Ministry of Finance requested the Department to determine the cost of repair of both the vehicles in order to surcharge the driver. A reminder notice was again given to the Department on 14/08/07. However, the Department failed to determine the cost of repair. As such, the costs of repairing the vehicle have yet to be recovered from the driver.
GN 295	Isimeli Kunabuli	The driver was surcharged \$12,553.90 by Ministry of Finance on 29/08/07 for causing accident to vehicle GN 295 for driving without due care and diligence on the 08/03/05. However, to date the Department have yet to recover any cost of damage from the driver.
GM 606	-	The vehicle was involved in an accident at Lautoka Police backyard on 01/03/00. On 08/02/06, Office of the Solicitor General notified the Department to determine the cost of repairs in order to surcharge the driver. The Ministry of Finance also requested for the cost of repairs in its

^{33[1]} Police Department Finance Manual 2005. Section 12.6.9

Vehicle Registration No.	Driver	Remarks
		memorandums dated 06/06/06 and 14/08/07. However, the Department has yet to submit the actual cost of repairs so that action could be taken.

The attitude displayed by the Department in delaying the information required by the Ministry of Finance has resulted in the delay in surcharging drivers.

Recommendations

- The Department should quickly determine the cost of repairs to vehicles damaged by accidents and submit the information to the Office of the Solicitor General and the Ministry of Finance to ensure that the costs are recovered from the relevant drivers.
- The Officer responsible for providing information requested by the Ministry of Finance should be disciplined for failing to carry out his/her duties effectively.
- Proper management and supervision controls should be employed by the Department to keep track of surcharges that have not been recovered.

Management Comments

The management of the Fiji Police Force has to identify the cost of repair to the vehicles in question and forward a report to the Ministry of Finance recommending surcharge.

Appendix 17.1 – Statement of Output Costs for 2007**Portfolio Leadership and Secretariat Support**

Description	2007 \$	2006 \$
EXPENDITURE		
Operating		
Established Staff	12,712,725	5,920,365
Unestablished Staff	77,082	40,393
Travel & Communication	2,368,994	2,270,871
Maintenance & Operations	1,552,893	1,594,037
Purchase of Goods & Services	660,900	1,114,301
Operating Grants & Transfers	19,956	25,860
Special Expenditure	83,590	1,090,066
Total Operating Expenditure	17,476,140	12,055,893
Capital Expenditure		
Capital Construction	0	4,027
Capital Purchases	119,802	613,081
Capital Grants & Transfers	-	-
Total Capital Expenditure	119,802	617,108
Value Added Tax	1,108,556	1,804,232
TOTAL EXPENDITURE	18,704,498	14,477,233

Community Policing

Description	2007 \$	2006 \$
EXPENDITURE		
Operating		
Established Staff	893,342	1,610,957
Unestablished Staff	-	-
Travel & Communication	62,773	78,537
Maintenance & Operations	87,016	90,693
Purchase of Goods & Services	13,403	134,911
Operating Grants & Transfers	-	-
Special Expenditure	166,399	157,220
Total Operating Expenditure	1,222,933	2,072,318
Value Added Tax	60,866	257,669
TOTAL EXPENDITURE	1,283,799	2,329,987

Police Operations

Description	2007 \$	2006 \$
EXPENDITURE		
Operating		
Established Staff	5,356,913	7,086,361
Unestablished Staff	10,238	0
Travel & Communication	304,532	404,722
Maintenance & Operations	34,831	51,855
Purchase of Goods & Services	17,008	52,568
Operating Grants & Transfers	-	-
Special Expenditure	165,496	89,904
Total Operating Expenditure	5,889,018	7,685,410
Value Added Tax	664,285	787,227
TOTAL EXPENDITURE	6,553,303	8,472,637

Criminal Investigation

Description	2007 \$	2006 \$
EXPENDITURE		
Operating		
Established Staff	118,611	1,578,946
Unestablished Staff	36,936	46,453
Travel & Communication	27,547	82,958
Maintenance & Operations	1,983,054	2,079,110
Purchase of Goods & Services	20,313	33,891
Operating Grants & Transfers		
Special Expenditure		
Total Operating Expenditure	2,186,461	3,821,358
Capital Expenditure		
Capital Construction	188,437	623,885
Capital Purchases	-	-
Capital Grants & Transfers	-	-
Total Capital Expenditure	188,437	623,885
Value Added Tax	308,705	519,614
TOTAL EXPENDITURE	2,683,603	4,964,857

Fiji Police Intelligence Bureau

Description	2007 \$	2006 \$
EXPENDITURE		
Operating		
Established Staff	229,794	4,738,249
Unestablished Staff	91,190	103,960
Travel & Communication	36,351	36,316
Maintenance & Operations	-	-
Purchase of Goods & Services	194,678	220,418
Operating Grants & Transfers	-	-
Special Expenditure	37,787	36,769
Total Operating Expenditure	589,800	5,135,712
Value Added Tax	49,151	500,150
TOTAL EXPENDITURE	638,951	5,635,862

Corporate Support Services

Description	2007 \$	2006 \$
EXPENDITURE		
Operating		
Established Staff	38,022,313	30,902,836
Unestablished Staff	688,446	692,884
Travel & Communication	860,086	1,462,276
Maintenance & Operations	186	14,294
Purchase of Goods & Services	894,103	1,172,946
Operating Grants & Transfers	-	-
Special Expenditure	51,111	61,388
Total Operating Expenditure	40,516,245	34,306,624
Value Added Tax	3,209,394	4,432,984
TOTAL EXPENDITURE	43,725,639	38,739,608

Section 18 Ministry of Education

Programme Statement

The Ministry of Education is concerned with broad policy issues on all aspects of education. A major aim is to ensure that available resources are judiciously allocated and put to optimum use to ensure that relevance and quality of education is provided at all levels of the education system particularly in rural areas. Educational policies are formulated within the framework of national goals so that the process of education distributes also to the achievement of Government's broad outcomes.

The six major areas that the Ministry is responsible for include:

- Administration of primary Education;
- Administration of secondary Education;
- Curriculum, Examination, Educational Resources Centre and Schools Broadcast Unit;
- Technical and Vocational Education and Training;
- Research and Development, Training and Fijian Education; and
- Secondary Teacher training.

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FINANCIAL STATEMENT

18.1 Audit Opinion

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

The accounts were qualified on the following grounds.

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). It is not possible therefore to express an opinion on the accuracy of the expenditures incurred by the Ministry under each output cost.
2. There is a significant variance in the VAT records and accounts as at 31 December 2007.

18.2 Statement of Receipts and Expenditures

The Ministry of Education incurred total expenditures of \$310,924,706 in 2007 compared to \$320,556,649 in 2006.

Table 18.1: Statement of Receipts and Expenditures for 2007

Description	2007 \$	2006 \$
RECEIPTS		
State Revenue		
Operating Revenue	1,352,506	1,802,604
Total State Revenue	1,352,506	1,802,604
Agency Revenue		
Miscellaneous Revenue	65,935	43,713
Sale of Photographs	0	0
Sales of Sch Farm Produce	8,672	9,450
Total Agency Revenue	74,607	53,163
TOTAL REVENUE	1,427,113	1,855,767
EXPENDITURES		
Operating		
Established Staff	202,176,456	200,364,860
Unestablished Staff	2,629,143	2,288,956
Travel & Communication	681,636	719,089
Maintenance & Operations	1,047,534	1,054,396
Purchase of Goods & Services	4,469,371	4,220,143
Operating Grants & Transfers	64,941,020	81,220,496
Special Expenditures	560,427	585,889
Total Operating Expenditures	276,505,587	290,453,829
Capital		
Capital Construction	1,459,480	2,542,505
Capital Purchases	30,080	61,024
Capital Grants & Transfers	5,043,023	3,800,809
Total Capital Expenditures	6,532,583	6,404,338
Value Added Tax	27,886,536	23,698,482
TOTAL EXPENDITURES	\$310,924,706	\$320,556,649

18.3 Statement of Output Costs

The Statements of Output Costs consolidates the 13 outputs prescribed in the Budget Estimates. These are detailed in Appendix 18.1.

18.4 Appropriation Statement

The Ministry of Education incurred expenditures totalling \$310,924,706 in 2007 against the budget of \$320,678,356 resulting in a savings of \$9,753,650 or 3%.

Table 18.2: Appropriation Statement for 2007

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	211,835,000	0	211,835,000	202,176,456	0	9,658,544
2	Unestablished Staff	2,375,000	200	2,375,200	2,629,143	0	(253,943)
3	Travel & Communication	607,600	114,600	722,200	681,636	0	40,564
4	Maintenance & Operations	1,038,600	46,237	1,084,837	1,047,534	0	37,303
5	Purchase of Goods & Services	4,498,900	10,924	4,509,824	4,469,371	0	40,453
6	Operating Grants & Transfers	65,605,500	(624,000)	64,981,500	64,941,020	0	40,480
7	Special Expenditure	814,700	(242,326)	572,374	560,427	0	11,947
	Total Operating Costs	286,775,300	(694,365)	286,080,935	276,505,587	0	9,575,348
8	Capital Construction	2,319,000	(689,627)	1,629,373	1,459,480	0	169,893
9	Capital Purchases	0	36,992	36,992	30,080	0	6,912
10	Capital Grants & Transfers	3,700,000	1,347,000	5,047,000	5,043,023	0	3,977
	Total Capital Expenditure	6,019,000	694,365	6,713,365	6,532,583	0	180,782
13	Value Added Tax	27,884,056	0	27,884,056	27,886,536	0	(2,480)
	TOTAL EXPENDITURE	\$320,678,356	0	320,678,356	\$310,924,706	0	\$9,753,650

18.5 Statement of Losses

Loss of Money

1) Primary Section

A cheque of \$1,800 went missing from the primary section on 23/2/07 and was not detected until the call came from the school enquired about the third term grant. Upon investigation, it was noted that the cheque was presented on 26/2/07.

2) Nasinu Secondary School

The Bursar's Office at Nasinu Secondary School was broken into on 16/11/07 and cash amounting to \$3,664 was stolen. The matter has been reported to Ministry of Finance and to Valelevu Police Station on 19/11/07.

Loss of Assets

- 1) A laptop valued at \$2,052 was missing from Director Secondary Office on 26/05/07. The Ministry of Finance has initiated surcharge action.
- 2) A laptop valued at \$1,500 went missing from Technical, Vocational, Education and Training section under Makereta Draunibaka's care on 12/5/06. The Ministry of Finance has written to notify the officer of its intention to surcharge her.
- 3) A laptop valued at \$3,500 went missing from TVET section under Veniana Kausau's care on 12/5/06. The Ministry of Finance has initiated surcharge action.
- 4) A laptop valued at \$2,200 went missing from the TVET section under the care of Mrs. Matelita Rauca. The item went missing on 15/9/06. A Loss Report was sent to the Ministry of Finance on 21/02/08.

18.6 Trust Account-Statement of Receipts and Payments**Table 18.3: Trust Account Statement**

Description	2007 \$	2006 \$
Opening Balance	2,610,458	2,954,419
Add: Receipts	37,128,403	49,049,006
	39,738,861	52,003,425
Less: Payments	38,359,998	49,392,967
Closing Balance	1,378,863	2,610,458

AUDIT FINDINGS**18.7 Anomalies in VAT and FNPF Allocation**

Only ledger clerks authorized by PAO/SAO shall input transactions into the general ledger system. Any errors or misallocations must be immediately adjusted by way of journal vouchers.¹

The following anomalies were noted from the inspection of 2007 VAT and FNPF reconciliations at the Ministry:

- The total payment for VAT at the year end as per the reconciliations was \$27,551,373 whereas the amount showed on the FMIS record was \$27,886,536, resulting in a variance of \$335,163.
- The total payment for FNPF at the year end as per the summary was \$15,230,489 whereas the FMIS records showed \$15,179,403, thus showing a difference of \$51,085. The difference was due to FNPF payment to Project Staff at Civic Education Programme, AVT and Exam Casuals.

¹ Section 16 of Ministry of Education Finance Manual 2005.

The above indicates laxity by officers responsible for reconciliations and payments of VAT and FNPF.

Recommendation

The Ministry should ensure that reconciliations between FMIS and internal records are carried out on monthly basis.

Ministry's Comments

18.8 Forgery of Bachelors Degree Certificate

An employee must behave honestly and with integrity in the course of employment in the Public Service.² The PAS (Personnel) shall provide a letter of appointment to all new salaried employees. The letter shall include at a minimum, the following information:

- job classification;
- salary scale and starting salary; and
- date of appointment to position.³

One Alexander Ralulu (TPF: 68200) was appointed as a secondary school teacher at Suva Grammar School with effect from 09/08/01. In January 2002 he produced a forged certificate of Bachelors Degree in Education dated 19 December 2001. In 2006 after 4 years of employment, the Ministry noted from the University of South Pacific that the degree was forged.

Alexander Ralulu was unlawfully employed and was wrongly paid total salary of \$57,255. The officer was terminated from the service with effect from 10/03/06. Laxity by the Ministry led to the appointment of Mr Ralulu.

Recommendations

- **The Ministry should ensure that staff board members are more vigilant so that such incidents do not happen in future.**
- **Action should be taken to recover the salaries paid.**

Ministry's Comments

The recruitment of teachers at the beginning of the year involves a large number of teachers coming with a variety of qualifications. The main problem is faced by the Secondary Section where the teachers are recruited from outside organizations such as USP where the degree qualifications are obtained rather than a government teacher training institutions. Verifications back with USP is a time consuming task and can delay the process of appointment.

The Teacher Registration Board currently being put in place will now handle all this verification processes before registering the teachers who will then be recruited by the Ministry.

The amount overpaid is \$7,515.37 and not \$57,255.69 as mentioned in your report as the graduate salary was paid to Mr. Alexander Ralulu in 2005 and part of 2006 only.

² Section 1 of PSC Code of Conduct

³ Section 4.1.1 of Ministry of Education Finance Manual 2005.

18.9 Double Payments of Salary

Accounting officers and all other 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.⁴

Accounting officers shall satisfy themselves that vouchers are in order in all respects.⁵

A *Grant in Aid* teacher Navneet Shankar was paid through two different pay numbers during 2006 and 2007, that is, grant in aid number G4968 [from Grant in Aid Allocation] and EDP No: 80782 [from Temporary Civil Servant Allocation]. The officer was receiving two pays per fortnight which resulted in an overpayment of salary by \$15, 074.01. Refer Table 18.4 for details:

Table 18.4: Details of Overpayment

BNZ Bank Account No.	EDP	Gross Pay f/n \$	Net Pay f/n \$	Amount \$	School	Remarks
02776912	80782	678.42	544.04	14,056.38 1,017.63	Sila Central High School	The payment was from Pay 1-26/06 and Pay 1-/07(Temporary Civil Servant Allocation).
Total				\$15,074.01		

The overpayment indicates lack of supervision and monitoring by the responsible officers.

Recommendations

- **Appropriate disciplinary action should be taken against responsible officers.**
- **Control measures should be put in place to avoid such occurrences.**
- **Necessary actions should be taken to recover the overpayment.**

Ministry's Comments

The salary for Grant-in-aid teachers were being prepared separately and that too by another section ie. Secondary section whereby separate payroll was printed. In the case that you have mentioned the teacher who was first recruited as grant-in-aid was appointed to civil service in 2006 and his file transferred to salaries for payment without ceasing the pay in the grant-in-aid payroll. This was purely due to an oversight.

We are trying to install mechanism to ensure elimination of such occurrence in future. We are trying to have the amount recovered.

18.10 Cartage of Personal Effects

The Chief Executive officer must obtain at least 3 written competitive quotes for any procurements of goods, services or work that cost more than \$100 but less than \$20,000.⁶

⁴ Finance Instruction 18

⁵ Finance Instruction 41

⁶ Finance Instruction 12(1)

Finance Instruction 17 provides that goods, services and works required by agencies will be procured by issuing purchase orders for any local procurement. It further states that a local purchase order, indent, departmental warrant, contract or agreement must be issued before goods, services and works are received.

Audit noted that in most cases cartage of personal effects only had one quotation. The quotations were mainly from two companies namely Shaniza Nair Trucks and Vinesh Kumar who have been providing cartage services of personal effects of primary and secondary school teachers in 2007. Refer to Table 18.5 for examples.

Table 18.5: Examples of Cartage Services

Date	PV No/ Chq No	Payee	Amount (\$)
29/01/07	30451	Shaniza Nair Trucks	2,800.00
30/01/07	30496	Shaniza Nair Trucks	2,380.00
31/01/07	30451	Shaniza Nair Trucks	1,343.00
13/02/07	32158	Shaniza Nair Trucks	1,343.00
22/02/07	33568	Shaniza Nair Trucks	3,493.83
17/04/07	39024	Shaniza Nair Trucks	3,255.50
31/05/07	41416	Shaniza Nair Trucks	2,500.00
		TOTAL	\$17,115.33
09/02/07	32022	Vinesh Kumar	1,900.00
13/02/07	32159	Vinesh Kumar	2,380.00
08/03/07	35178	Vinesh Kumar	3,595.50
23/03/07	37300	Vinesh Kumar	1,261.13
01/05/07	39857	Vinesh Kumar	3,450.00
01/06/07	41560	Vinesh Kumar	2,400.00
01/06/07	41561	Vinesh Kumar	2,950.00
27/12/07	61388	Vinesh Kumar	1,530.00
		TOTAL	\$19,466.63

Local Purchase Orders were not issued in all the above transactions.

Recommendation

Appropriate disciplinary action should be taken against responsible officers who failed to comply with standing policies on procurement of goods and services.

Ministry's Comments

The services were procured at the beginning of 2007. At the time there were no contracted service providers. There was a need to re locate teachers at the beginning of the school year. Since LPO authority was only with the Acting PSE, transfers at the various stations were facilitated by obtaining three quotations.

Please be advised that some of our rural schools are in such remote locations, registered companies are not prepared to service these routes. At the time many companies were not even prepared to accept LPO's and officers may have made their own arrangements to be at the school in time.

The solution lies in identifying official service providers in each district.

COGS have now awarded a contract for an official service provider for Viti Levu. We hope others will be identified so that we do not get into this problem. The procedures have been followed so there is no need for disciplinary action.

Appendix 18. 1 – Statement of Output Costs**Portfolio Leadership Advice & Secretariat Support**

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	21,348,986	19,969,810
Unestablished Staff	764,459	657,599
Travel & Communication	142,586	160,324
Maintenance & Operations	484,753	475,918
Purchase of Goods & Services	842,263	805,115
Operating Grants & Transfers	31,549,078	33,793,110
Special Expenditures	220,867	297,689
Total Operating Costs	55,352,993	56,159,565
Capital		
Capital Construction	0	0
Capital Purchases	16,715	47,711
Capital Grants & Transfers	0	0
Total Capital Expenditures	16,715	47,711
Value Added Tax	3,017,515	2,507,503
TOTAL EXPENDITURE	58,387,223	58,714,779

Education & Training Childhood Education

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	663,875	721,080
Unestablished Staff	83,620	70,685
Travel & Communication	17,023	18,405
Maintenance & Operations	30,175	28,405
Purchase of Goods & Services	116,401	120,858
Operating Grants & Transfers	2,141,929	2,008,621
Special Expenditures	42,130	8,468
Total Operating Costs	3,095,155	2,976,522
Capital		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	99,973	98,000
Total Capital Expenditures	99,973	98,000
Value Added Tax	119,153	108,280
TOTAL EXPENDITURE	3,314,281	3,182,802

Education & Training Primary Schools

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	101,523,859	108,551,619
Unestablished Staff	186,093	166,000
Travel & Communication	277,317	286,056
Maintenance & Operations	42,949	38,232
Purchase of Goods & Services	436,340	399,924
Operating Grants & Transfers	6,259,197	7,020,930
Special Expenditures	199,595	195,051
Total Operating Costs	108,925,351	116,657,812
Capital		
Capital Construction	0	2,732
Capital Purchases	0	0
Capital Grants & Transfers	396,361	524,853
Total Capital Expenditures	396,361	527,585
Value Added Tax	12,833,269	12,265,535
TOTAL EXPENDITURE	122,154,981	129,450,932

Education & Training Secondary Schools

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	73,879,392	65,409,007
Unestablished Staff	1,384,147	1,179,497
Travel & Communication	148,236	148,541
Maintenance & Operations	249,538	272,325
Purchase of Goods & Services	1,661,201	1,639,322
Operating Grants & Transfers	9,986,155	24,043,466
Special Expenditures	9,783	8,468
Total Operating Costs	87,318,452	92,700,626
Capital		
Capital Construction	1,037,536	1,318,345
Capital Purchases	13,364	13,313
Capital Grants & Transfers	1,155,689	1,177,956
Total Capital Expenditures	2,206,589	2,509,614
Value Added Tax	10,902,156	7,829,748
TOTAL EXPENDITURE	100,427,197	103,039,988

Education & Training Tertiary

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	455,339	571,518
Unestablished Staff	12,635	10,994
Travel & Communication	8,885	9,664
Maintenance & Operations	26,557	25,584
Purchase of Goods & Services	41,751	51,202
Operating Grants & Transfers	2,009,530	1,922,677
Special Expenditures	9,783	8,468
Total Operating Costs	2,564,480	2,600,107
Capital		
Capital Construction	200,000	200,000
Capital Purchases	0	0
Capital Grants & Transfers	3,391,000	2,000,000
Total Capital Expenditures	3,591,000	2,200,000
Value Added Tax	69,369	98,159
TOTAL EXPENDITURE	6,224,849	4,898,266

Provision of Library Services

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	365,038	470,504
Unestablished Staff	60,836	67,238
Travel & Communication	12,260	14,542
Maintenance & Operations	30,544	35,254
Purchase of Goods & Services	141,051	150,105
Operating Grants & Transfers	1,541,930	1,472,711
Special Expenditures	9,783	8,468
Total Operating Costs	2,161,442	2,218,822
Capital		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditures	0	0
Value Added Tax	77,439	83,468
TOTAL EXPENDITURE	2,238,881	2,302,290

Consulting Services Advisory Services to School

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	728,106	812,210
Unestablished Staff	57,495	56,190
Travel & Communication	16,778	16,550
Maintenance & Operations	28,930	26,204
Purchase of Goods & Services	163,706	157,144
Operating Grants & Transfers	1,635,450	1,562,704
Special Expenditures	9,783	8,468
Total Operating Costs	2,640,248	2,639,470
Capital		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditures	0	0
Value Added Tax	125,600	120,459
TOTAL EXPENDITURE	2,765,848	2,759,929

Consulting Services Student Careers Counselling

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	238,577	341,188
Unestablished Staff	25,324	26,444
Travel & Communication	9,483	11,201
Maintenance & Operations	26,392	28,493
Purchase of Goods & Services	61,293	67,090
Operating Grants & Transfers	1,635,450	1,562,704
Special Expenditures	9,783	8,468
Total Operating Costs	2,006,302	2,045,588
Capital		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditures	0	0
Value Added Tax	46,357	54,021
TOTAL EXPENDITURE	2,052,659	2,099,609

External Examination Services

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	581,710	706,610
Unestablished Staff	18,563	20,690
Travel & Communication	15,983	16,820
Maintenance & Operations	26,931	25,509
Purchase of Goods & Services	724,652	568,616
Operating Grants & Transfers	1,541,930	1,472,711
Special Expenditures	9,783	8,468
Total Operating Costs	2,919,552	2,819,424
Capital		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditures	0	0
Value Added Tax	172,345	150,659
TOTAL EXPENDITURE	3,091,897	2,970,083

Education & Training Special Schools

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,751,819	1,925,353
Unestablished Staff	3,713	4,138
Travel & Communication	12,894	13,408
Maintenance & Operations	25,877	24,759
Purchase of Goods & Services	156,066	119,998
Operating Grants & Transfers	1,921,058	1,852,739
Special Expenditures	9,783	8,468
Total Operating Costs	3,881,210	3,948,863
Capital		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditures	0	0
Value Added Tax	413,683	234,496
TOTAL EXPENDITURE	4,294,893	4,183,359

Primary Schools Radio Broadcasts

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	238,577	257,092
Unestablished Staff	10,190	10,292
Travel & Communication	8,455	9,516
Maintenance & Operations	25,504	24,846
Purchase of Goods & Services	26,675	32,024
Operating Grants & Transfers	1,541,930	1,472,711
Special Expenditures	9,783	8,468
Total Operating Costs	1,861,114	1,814,949
Capital		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditures	0	0
Value Added Tax	39,898	38,287
TOTAL EXPENDITURE	1,901,012	1,853,236

Secondary Schools Radio Broadcasts

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	135,956	159,634
Unestablished Staff	10,190	10,292
Travel & Communication	5,317	6,376
Maintenance & Operations	24,386	23,825
Purchase of Goods & Services	26,104	31,092
Operating Grants & Transfers	1,541,930	1,472,711
Special Expenditures	9,783	8,468
Total Operating Costs	1,753,666	1,712,398
Capital		
Capital Construction	0	0
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditures	0	0
Value Added Tax	26,467	26,814
TOTAL EXPENDITURE	1,780,133	1,739,212

Education Support

Description	2007 \$	2006 \$
EXPENDITURE		
Operating Costs		
Established Staff	265,220	469,235
Unestablished Staff	11,876	8,897
Travel & Communication	6,418	7,696
Maintenance & Operations	24,998	25,041
Purchase of Goods & Services	71,869	77,653
Operating Grants & Transfers	1,635,450	1,562,701
Special Expenditures	9,783	8,468
Total Operating Costs	2,025,614	2,159,691
Capital		
Capital Construction	221,944	1,021,429
Capital Purchases	0	0
Capital Grants & Transfers	0	0
Total Capital Expenditures	221,944	1,021,429
Value Added Tax	43,286	181,055
TOTAL EXPENDITURE	2,290,844	3,362,175

Section 19

Ministry of Health

Programme Statement

The Ministry of Health shall provide health services with the commitment that it is the right of everyone in the Republic of Fiji, irrespective of race, sex, colour, creed, financial circumstances or poverty to have a national health system which provides a high quality health service to the maximum extend possible within the available resources.

The delivery of health services is divided into two clear distinct divisions;

- the Primary Health Care Services and;
- the Curative (Hospital) Health Care Services.

The main objective of the Primary and Preventive Health Services is to enhance the promotion of health and well-being, protection of life and prevention of diseases, injury and substance abuse. The main objective of the Curative (Hospital) Health Care Services is to ensure that the standardised basic diagnostic and treatment facilities for common disease problems are readily available near to where people live, are responsive to patients' needs are affordable and that they are closely integrated with community rehabilitative services to ensure continuity of patient care.

Health services are expected to change significantly over the next few years.

- Firstly, a decentralisation of the management of health services will take place under the Fiji Health Management Reform Project.
- Secondly, financing options and arrangements which may include National Insurance Scheme, the revision of hospital fees, privatisation and contractualisation.

For 2007, the Ministry continued to concentrate its efforts in human resources management and development; reorganising/ reforming of the health services; standards and quality; performance/ output based financial management system and resource allocation; Health Management Information System; health financing and cost sharing; public relations strategies and facilities development

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FINANCIAL STATEMENT

19.1 Audit Opinion

The audit of the Ministry of Health accounts for the year ended 31/12/07 resulted in the issue of a qualified audit report.

The qualifications are as follows.

- a) The Ministry of Health has grouped its expenditures into 9 Statement of Output Costs, whereas the Budget Estimates 2007 prescribes 10 outputs.
- b) The Ministry has not provided the following contrary to Finance Instructions 82(1):
 - (i). a Profit and Loss Statement for trading operation of the Bulk Purchase Scheme;
 - (ii). a Trust Account Statement of Receipts and Payments. The Finance Management Information Systems shows a sum of \$7,481,525 in the Operating Trust Account as at 31 December 2007 of which \$6,828,218 or 91% represents FNPF contributions. The Ministry has not provided explanations for the significant balance in the Trust Fund Account;
 - (iii). A Statement of Losses

19.2 Statement of Receipts and Expenditures

The Ministry of Health incurred total expenditures of \$150,797,123 in 2007 compared to \$144,736,816 in 2006.

TABLE 19.1: STATEMENT OF RECEIPTS AND EXPENDITURE IN 2007

Description	2007 \$	2006 \$
RECEIPTS		
Operating	200,230	1,141,128
Agency Revenue	1,406,195	1,560,188
TMA	61,475	54,064
TOTAL REVENUE	1,667,900	2,755,380
EXPENDITURES		
Operating		
Established Staff	71,202,452	66,724,973
Unestablished Staff	16,151,814	14,178,652
Travel & Communication	2,743,802	3,142,437
Maintenance & Operations	8,416,907	8,952,646
Purchase of Goods & Services	22,270,507	22,606,097
Operating Grants & Transfers	4,606,831	4,262,236
Special expenditure	1,996,359	1,877,657
Total Operating Expenditures	127,388,672	121,744,698

Description	2007 \$	2006 \$
Capital		
Capital Construction	3,413,882	2,901,916
Capital Purchase	2,070,627	2,635,744
Capital grants & Transfers	-	1,000,000
Total Capital Expenditures	5,484,509	6,537,660
Value Added Tax	17,923,942	16,454,458
TOTAL EXPENDITURES	150,797,123	144,736,816

19.3 Statement of Output Costs

The Ministry of Health has grouped its expenditures into 9 Statement of Output Costs, whereas the Budget Estimates 2007 prescribes 10 outputs. These are detailed in **Appendix 19.1**.

19.4 Appropriation Statement

The Ministry of Health incurred expenditures totalling \$150,797,123 in 2007 against the budget of \$150,808,447 resulting in a savings of \$11,324.

TABLE 19.2: APPROPRIATION STATEMENT FOR 2007 – HEAD 19

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	69,438,420	---	69,438,420	71,202,452	---	(1,764,032)
2	Unestablished Staff	14,224,110	---	14,224,110	16,151,814	---	(1,927,704)
3	Travel & Communication	2,595,060	---	2,595,060	2,743,802	---	(148,742)
4	Maintenance & Operations	6,661,000	---	6,661,000	8,416,907	---	(1,755,907)
5	Purchase of Goods & Services	25,199,365	23,889	25,223,254	22,270,507	---	2,952,747
6	Operating Grants & Transfers	4,728,200	---	4,728,200	4,606,831	---	121,369
7	Special Expenditure	2,103,926	---	2,103,926	1,996,359	---	107,567
	Total Operating Costs	124,950,081	23,889	124,973,970	127,388,672	---	(2,414,702)
	Capital Expenditure						
8	Capital Construction	6,843,866	(23,889)	6,819,977	3,413,882	---	3,406,095
9	Capital Purchases	2,650,000	---	2,650,000	2,070,627	---	579,373
10	Capital Grants and Transfers	150,000	---	150,000	---	---	150,000
	Total Capital Expenditure	9,643,866	(23,889)	9,619,977	5,484,509	---	4,135,468
13	Value Added Tax	16,214,500	---	16,214,500	17,923,942	---	(1,709,442)
	TOTAL EXPENDITURE	150,808,447	0	150,808,447	150,797,123	---	11,324

The Ministry of Finance approved a transfer of \$23,889 from *SEG 8 construction* to *SEG 5 Purchase of goods and services* during the year because of foreseen over expenditures.

19.5 Statement of Losses

Ministry of Health failed to prepare the Statement of Losses in accordance with Finance Instructions 82.

AUDIT FINDINGS

HEADQUARTERS

19.6 Wages and Salaries 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 Finance¹ Salaries and wages reconciliation should be prepared on a regular basis in order to detect and take appropriate actions on fraud/error immediately otherwise the recovery may not be possible if the officers resign or retire from the service.

The Ministry's payroll budget for 2007 is \$83.7 million (SEG 1-2) which represented 55% of the entire Ministry's budget of \$150.8 million. It also has a large establishment of 3,313 (established) and 1,532 (unestablished).

The following stations did not submit wages reconciliations for 2007 to Health Headquarters on time. Refer to Table 19.3 below for examples:

TABLE 19.3: WAGES RECONCILIATIONS SUBMITTED BY STATIONS

Station	Comments
CWM Hospital	No submissions
Lautoka Hospital	No submissions
Labasa Hospital	No submissions
Levuka Hospital	No submissions
Tamavua Hospital	Reconciliation for pays 36-52 not submitted
Navua Hospital	Reconciliation for pays 37-52 not submitted
Rotuma Hospital	Reconciliation for pays 45-52 not submitted
Tamavua Hospital	No submissions
Old People's Home – Samabula	Reconciliation for pays 45-52 not submitted
St. Giles	Reconciliation for pays 48-52 not submitted
Virus Lab	No submissions
FSN	No submissions
SDMO Rewa	Reconciliation for pays 47-52 not submitted
Serua Namosi SD	Reconciliation for pays 46-52 not submitted
Kadavu	Reconciliation for pays 48-52 not submitted
Vunidawa - SDMO	Reconciliation for pays 35-52 not submitted
Tailevu SD	Reconciliation for pays 20-52 not submitted

¹ Finance Instructions 2005, Section 26 (7)

The wages clerk at Headquarters also failed to keep track of the reconciliations received from each station. Reconciliations were piled in a box located at the voucher room.

The absence of regular salaries and wages reconciliation may result in undetected errors, fraud and salary overpayments, to name a few.

Recommendations

- **The Ministry should carry out all salaries and wages reconciliations in accordance with Finance Instruction 26(7).**
- **Disciplinary action should be taken against the Officer(s) responsible for the delay in preparation of the salary reconciliations.**

Management Comments

Turnover of staff has affected the salary reconciliation which was delayed from 2006. It is quite a mammoth task as pending reconciliations was for (4) Cola payments awarded to civil servants in 2006.

The only possible way to update these reconciliation was to work overtime in which a request was endorsed by the Permanent Secretary for Health and forward to the Public Service Commission for approval and payment was processed.

We have assigned a clerk to carryout salary reconciliation and Pay 14/08 is completed.

Finance Instruction 26(7) is noted and future salary reconciliation will be completed within the year.

To discipline the present officer would be unfair as the previous officer, a permanent staff, who was involved in the salary reconciliation got transferred to another unit and it took a while to have a replacement, hence this delay. The TRCO was given the work which requires time for adjustment to the reconciliation procedures.

Wages reconciliations are being carried, the clerk in the Sub Divisions have been informed to send it over to HQ. We are following this report with Accounts Officer in the Divisions and officers fail to adhere to set procedures will be disciplined. The Wages clerk HQ will monitor this report every week.

We have sent a Circular to all the Divisions and Major Hospitals in regards to all the Accounting reports that should be submitted to this office at every interval (weekly/monthly/quarterly).

Further OAG Comments

Audit found on 21/07/08 that a number of stations have failed to carry out proper wages reconciliation.

19.7 Overpayment of Salary

An officer, who has resigned, deemed to have resigned or terminated shall forfeit all the rights and privileges of his office from the date decided by the Commission.² An officer who resigns without giving 30 consecutive days notice may be required to pay 30 days salary in lieu of notice.³

² General Orders 222(d)

A total of \$42,899 as of 31/12/07 was recorded as overpayment of salary by the Ministry of which \$26,561 (62%) was overpayment upon resignation. This is a result divisional officers failing to advise salaries section at Head quarters on time. Refer to **Appendix 19.2** for examples:

Laxity by the station officials has resulted in the overpayments.

Recommendations

- **Disciplinary action should be taken against officers responsible for the overpayment.**
- **The Ministry should implement an effective and efficient communication process between the various hospitals, stations, centres with Headquarters so that all correspondences relating to retirements, resignations, terminations are processed in a timely manner to avoid overpayments.**
- **Concerted effort should be made to recover the overpayments.**

Management Comments

This issue continues to occur due to laxity in communicating appropriate information/correspondence to this office on time for cessation of payment. In most cases it is delayed from various stations in the Divisions.

A joint meeting with our staff in April this year and channel of communication were observed in the relaying of information/ correspondence to effect immediate action in case of cessation of salary payment due to retirement, resignation, etc.

Disciplinary action will be instituted against those officers responsible for overpayment.

We have identified a clerk to assume additional responsibility of monitoring the progress on recovery and update the heads of Departments on action taken.

We have seen a lot of improvement recently and our staffs are made aware of this issue and the consequence that they will face if they fail to adhere to the Finance Manual.

Further OAG Comments

Audit noted that overpayment of salary had not improved and as at July 2008 the balance was \$54,053.

19.8 Consolidated Allowance

Consolidated allowances are paid to nurses based at nursing stations, rural areas and not in health centres or urban hospitals. It is normally paid to District Nurses in their area of operation where there is no Medical Officer employed either in the Nursing Station or in Health Centres.

Some nurses were still paid consolidated allowances despite working in urban hospitals and health centers. Refer below for examples:

TABLE 19.4: PAYMENT OF CONSOLIDATED ALLOWANCE

³ General Orders 222(a)

EDP #	Station	Remarks	Allowance per Pay	Allowance Paid (Till Pay 06/08)
32478	CWM Hospital	- Was transferred to CWM on 02/01/04. - Supervisor in charge failed to inform salaries department to cease consolidated allowance. - Nurse, to-date is still being paid such allowances identified above.	65.80	7,238.00
33235	Natewa Health Centre	- Was transferred from Tawake Nursing Station on 29/12/05. - Memo received from Northern Health Service on 24/04/07; informing Salaries Department to cease payment of consolidated allowance to her. - Hence from 29/12/05 to 24/04/07, the officer was paid consolidated allowance even though she was not entitled to receiving it.	59.20	3,433.60
Total				\$10,671.60

Station supervisors failed to inform salaries section about nurse transfers so that payments of consolidated allowances could be ceased. Public funds are wasted as a result of these payments. Salary clerks have to spend unnecessary time to rectify the problem and make recoveries.

Recommendations

- **The supervisor in charge and/or the Personnel Section of the Ministry should inform the Salaries Section immediately upon the transfer of the nurses concerned.**
- **Payment of consolidated allowance to nurses at urban hospitals and health centers should cease immediately.**
- **Recoveries should be made from the nurse's salaries immediately.**

Management Comments

We only cease and commence payment upon receipt of notification letter from the stations and overpayment are mainly due to delay in this process.

The GMCH in the Divisions and Sub-Divisional Medical Officers and Health Sisters will again be informed as discussed today, 4/6/08 with our Accounts and Personnel Unit.

The salary clerks had again verified the payrolls to ensure consolidated allowance are only paid to the nurses serving in the rural areas.

We have ceased payment of consolidated allowance to the nurses highlighted in the report and recovery will commence in Pay 13/08 Figures stated in your report need to be verified before the input are raised for pay 13/08.

Your observation is noted and will adhered in future

Further OAG Comments

Audit checked the payroll system and found that no recovery has been made so far as at 17/7/08.

19.9 FNPF Contributions

It is the responsibility of every department to ensure that every employee, as defined under the Fiji National Provident Fund Act, is registered and his/her membership number is entered on the prescribed form. Chief Accounting Officers, as employers under the Act, are required to pay to the FNPF in respect of their employees' contributions, calculated upon the amount of wages or salaries paid to such employees for the preceding month, at the rate of sixteen cents for each complete dollar.⁴

Audit noted that as at 31/12/07, a total of \$47,304 which was the FNPF contribution for both established and unestablished workers, was posted to a Suspense Account due to the following anomalies.

- The registration forms for unestablished relievers and temporary project officers were not received from their respective stations by the FNPF Clerk at the headquarters because it was incomplete or was not filled.
- The FNPF Clerk was not informed until the officer received the copy of the manual voucher at the end of the month from the cashier.
- Some members do not inform the station clerks of their FNPF numbers if they were previously employed.
- Sometimes differences arise in the records of the Ministry of Health and the FNPF. For example, female officers after getting married change their surnames but the FNPF was not informed about the changes.
- Some officers use nick names instead of names in the birth certificates.

In such financial dealings, omissions in the contribution of FNPF would normally penalize the account holder who loses out on current and compound interests due to the balance of each account calculated at the end of 12 months, and any discrepancies occurred during the interim period could have gone unnoticed.

The Ministry did not follow proper procedures and can be penalised by FNPF under the circumstances. Employee's contributions to FNPF also forgo any interest when their contributions are held in the suspense account.

Recommendations

- **The transactions in the suspense account should be investigated and appropriate actions taken to clear them and paid to the Fund.**
- **Regular reconciliation needs to be carried out to ensure that these balances are cleared on time.**
- **FNPF registration forms should be completed before the commencement of any employment with the Ministry.**
- **Clerks from respective stations should be disciplined for not carrying out their duties to expectations.**

⁴ Finance Instructions 81 (1) (2)

Management Comments

The above issue had been discussed with the responsible officers in the Divisions and we have also sent out reminders through circulars to all the stations. In late 2007 we have informed the Divisions that payment will only be processed if the workers have their permanent FNPF No.

In 2007 FNPF report and other relevant information was sent out to the stations to identify and inform the workers in appropriating correct names and FNPF numbers.

Through verification of records early this year, 2008, we managed to clear about \$70k with the Fund. The FNPF clerk has given extra effort to carry out reconciliation of this account and it has proved fruitful.

Disciplinary action will be instituted if responsible officer failing to comply with the set procedures.

Further OAG Comments

Audit noted that there was no improvement in the FNPF suspense account and the amount outstanding as at July 2008 was \$128,032.

19.10 Study Leave with Pay – Amelia Turagabeci EDP 61322

All officers wishing to leave Fiji for reasons other than official duties are required under Regulation 36(k) of the PSC (Constitution) Regulations 1990 to obtain the prior written approval of the Secretary of the Public Service.⁵ It is the responsibility of the immediate supervisor or divisional officer to report on officers' absenteeism.

A Senior Assistant Health Inspector, Amelia Turagabeci (EDP 61322) had requested for study leave with pay for a period of 4 years effective from 2003 to 2007. However, the National Training Committee at its meeting held on 14/8/03 had granted "Study Leave without Pay" to the officer

The officer however went to study at her own accord without obtaining authority for study leave overseas from the Ministry and PSC. She also continued to receive full salary for the period of 4 years. A total of \$65,555.86 was paid to her as follows:

TABLE 19.5: TOTAL SALARY PAID TO AMELIA

Pay Period	Amount Paid (Gross Pay) \$
October – December 2003	4,210.65
Year 2004	15,547.68
Year 2005	15,525.59
Year 2006	17,893.02
Jan – October 2007	12,378.92
Total	65,555.86

The salary section was not informed about the unauthorized absence as a result salary totaling \$65,555.86 was overpaid. The decision by the Disciplinary Committee to recover the above sum also remains doubtful as the officer has resigned from the service with effect from 26/02/08.

⁵ General Orders 729 (a)

Recommendations

- **The responsible officer should be surcharged for failing to report on the officer's unauthorized leave.**
- **Every effort should be utilized to recover the salary overpaid.**

Management Comments

The disciplinary committee will decide on the recommendation to surcharge and discipline the supervisor. Amelia Turagabeci has deemed to have resigned. This case is with the disciplinary committee for their decision.

Further OAG Comments

Audit noted that no action has been instigated so far as to recover the overpayment and neither the surcharge of the supervisor.

19.11 Failure to Take Disciplinary Action

In 2006, audit had reported a number of cases where Ministry staffs were implicated in wrongful doings. To date, audit has found that the cases had not been investigated or disciplinary actions taken. Some of the staffs implicated had left the Ministry.

The Ministry had not taken disciplinary and surcharge actions despite a commitment made following the discussion of the 2006 audit report.

Refer to the **Appendix 19.3** for examples.

Recommendations

- **The Ministry should investigate the cases highlighted by audit and take appropriate actions against the officers implicated.**
- **The senior officers who failed to instigate disciplinary actions highlighted by audit should also be disciplined.**

Management Comments

The recommendations are noted and necessary action will be taken against those highlighted in the report by the disciplinary committee.

19.12 Breach of Public Service Act

An employee must use Government resources and assets in a proper way.⁶ An employee must not make improper use of official information or of the employee's duties, status, power or authority in order to gain

⁶ Public Service Act -1999, Section 8

or seek to gain, a benefit or advantage for the employee or for anyone else.⁷ An employee must behave honestly and with integrity in the course of employment in the public service.⁸

Audit noted that Peni Vulaca, a mechanic at the Ministry had breached many of the PSC Service Act clauses but no action was taken against him. Refer the following examples:

- On 21/11/06 he carried out repairs on ED999 at the Tamavua garage during working hours as confirmed by the mechanics at the garage. The vehicle is owned by Josefa Serevi Bolaqace, a Project Officer at the CWMH National Blood Bank.
- Mr. Vulaca took a chain block, a gas welding plant, panel beating tools, an arch welding plant & a sanding machine to carry out this private work outside the garage area whilst he was on annual leave on 8/1/07. Also while on leave on 31/1/07, he took the arch welding plant for his private use.
- On many occasions he was missing from the garage without any genuine reason and there have been numerous complaints of this from the transport officer and the mechanics at the garage. All efforts by the audit to discuss the issues were in vain as Mr. Vulaca was not always present.
- He was driving government vehicles without a valid driving licence for over 10 months. Audit checked with the Land Transport Authority on 20/3/08 and noted that his licence had expired on 12/5/07.
- The Ministry had purchased a vehicle EM 866 for \$31,000 after which Mr. Peni Vulaca took it to attend a breakdown in Namosi. Whilst returning he had an accident at Nabukavesi and was charged for careless driving.
- He had lied whilst filling the government vehicle accident report form indicating that his driving license was valid, when it was not.
- He was found to be frequently writing on his time card instead of using the punching machine/time clock.

The failure of the Ministry to have this officer disciplined raised serious doubts on its disciplinary mechanism and that the possibility of favoritism cannot be ruled out. This has also resulted in the continuous misuse and/or abuse of Government resources and assets.

Recommendation

The Ministry should discipline the officer and report the matter to PSC for breach of PSC Service Act.

Management Comments

Mr. Peni Vulaca's case as mentioned earlier is dealt with by the MoH Disciplinary Committee. Mr. Vulaca has been issued a letter to explain the allegations as highlighted in your report. The Committee will then consider taking

⁷ Public Service Act-1999, Section 10

⁸ Public Service Act 1999, Part 2, Section 1

appropriate disciplinary action against him depending on the outcome of his response. This will be conveyed to you when it's finalized.

Further OAG Comments

No action has been taken so far, after this was verified on 17/7/08.

19.13 Non Compliance to Health Finance Manual

Section 28 of the Financial Management Act 2004 states that, the Chief Executive Officers of the Ministries are to issue Finance Manual for their respective agencies. This Finance Manual sets out policies and procedures needed for the efficient and effective management of the agency and effective operation of internal controls. All officers within the Ministry of Health are required to comply with the Manual.⁹

The examination of various accounting records revealed that the Finance Manual was not fully complied with and that the Senior Section Heads failed to rectify these. Refer to **Appendix 19.4** for more details. The Ministry had also failed to comply with the Finance Manual as highlighted in the previous year's audit report.

Non adherence to the Finance Manual compromises the internal controls and efficient and effective management of the Ministry.

Recommendation

The Ministry should discipline all officers who failed to comply with the Finance Manual and ensure that in future, all instructions in Manual are adhered to.

Management Comment

We are observing and adhering to the Finance Manual to ensure effective operation of internal controls.

19.14 Negligence Payments

The Office of the Solicitor General was responsible to meet all payments arising out of claims against the state for negligent practices by Civil Servants until the end of 1997. Since 1998, the Ministry pays litigation cost for negligence payment due to medical negligence caused by Medical Officers.

The examination of negligence payment records revealed the following anomalies.

Public funds totalling \$1,623,657 have been paid between 2002 and 2007 as negligence payments. This money could have been used for other urgent purchases had the officers of the Ministry taken more care in the conduct of their work.

Refer to the Table 19.6 below for details:

⁹ Ministry of Health-Finance Manual- Section 1.1

TABLE 19.6: NEGLIGENCE PAYMENT

Year	Negligence Practice Claims \$
2002	20,000
2003	305,226
2004	100,928
2005	146,670
2006	407,834
2007	642,999
Total	1,623,657

While there is a code of conduct for Medical Officers in the service, it is evident that this is not strictly followed. Non professional doctors conduct operation especially on circumcision. Innocent people become victims of negligence and as a result court cases are filed and negligence payments are made.

The Ministry has no guidelines and procedures to deal with complaints from the public. While some complaints were investigated, most were filed away without the complainant being informed of the outcome of the investigation.

Disciplinary actions are hardly taken against those implicated for acts of negligence. Consequently complainants are left with the option of seeking legal advice and civil cases are filed against the State, which in a number of cases, had favored the injured parties.

Recommendations

- **To safeguard public funds from waste and extravagance, the Ministry must urgently address the issue of unprofessional conduct of Medical Officers and other support staff.**
- **Doctors implicated should be referred to Fiji Medical Council or PSC for disciplinary actions.**
- **Proper guidelines should be established to safeguard the image of the hospital services in the country.**

Management Comments

We are reviewing all litigation cases and are in the process of putting policy documents / guideline with the view to surcharge at the same time we are undertaking the review of medical and dental practitioners to regularize annual registration for clinician.

19.15 Incomplete records

Within 1 week of the end of each month, the *Accounting Head* shall submit to the *Deputy CEO* the internal control report which provides the following information;

- i. whether all reconciliations are up to date;
- ii. whether financial information required by the Ministry of Finance has been submitted on time;
- iii. whether stock takes of physical assets, inventory and money have been carried out as and when required;

- iv. the status of unresolved audit issues;
- v. Improvements in internal control, such as rotation of duties between staff, those have been implemented or are proposed.¹⁰

Accounting records and reconciliations have not been updated or regularly maintained in accordance with Health Finance Manual. The incomplete records are highlighted in **Appendix 19.5**.

As a consequence, the risk of misstatements is considered to be very high and that audit was hindered to a large extent. The competence of accounting personnel is also questionable.

Recommendation

The officers who failed to carry out their responsibilities as required under section 17.1.5 of the Health Finance Manual should be disciplined accordingly. Furthermore, the accounts section should be thoroughly scrutinized in terms of the provision of accurate, timely and reliable data to enable prudent decision making by management.

Management Comment

The concerns and issues raised herein have been noted. Due to very frequent changes in staff of Assistant Accountant the underline reconciliation were not up to date. However, we have slowly done a catch up and cleared the backlog on all reconciliations. The current status is as follows:-

RFA Misc	up till February 2008
Trust Fund Recon	up till May 2008
IDC Reconciliation	up till April 2008
Imprest Recon	up till June 2008
Drawings	up till June 2008

The other responsible officers have been reminded on the policies and procedures criteria of the Health Manual and for them to comply. Relevant registers and reports are now being maintained.

19.16 Non Delivery of Audio Visual Equipment

If the quantity of the goods received is less than the quantity shown in the supplier's invoice or delivery note, the receiving officer shall furnish a report to the Administration Manager who shall arrange a claim against the supplier or carrier. All claims on suppliers or carriers should be made within three days of the goods being received.¹¹

The National Centre for Health Promotion had purchased an Audio Visual Equipment worth \$27,186, paid through a cheque number 110690 on 28/11/06. Refer to the Table 19.7 below for details:

TABLE 19.7: DETAILS OF AUDIO VISUAL EQUIPMENT

¹⁰ Health Finance Manual section 17.1.5

¹¹ Health Finance Manual-Section 2.5.5-2.5.6.

Item	Price \$
Video Production Computer 1 Mac Pro (3G, HDD= 2TB, Memory=4GB) with Apple care protection plan.	19,737
Video Production Display 2x Apple Cinema Display (23" Flat Panel, 1 Unit cost F3,477.00)	6,954
System Backup 1x US 1.2 KVA Tower	495
Total	27,186

However, audit noted that the Video Production Computer and Systems Backup had not been delivered by the Supplier, ITEC Computer Solutions. The audit noted that on 23/11/06, a Clerical Officer Maraia Tuicakau, had endorsed LPO, 663634 certifying that the items have been received.

Recommendations

- **Management should conduct an internal investigation and take disciplinary/surcharge action against all officers involved.**
- **The Ministry should take every effort to recover the items not delivered by the supplier.**
- **If necessary, the matter should be reported to police.**

Management Comments

The register for the use of the TCEU audio visual and technical equipments has been created whereby officers signed out equipments whilst in use and sign on upon return.

Further OAG Comments

Audit verified with the clerical officer Maraia Tuicakau, on 16/07/08 that items identified as missing have not been received as yet and no officer has been charged.

19.17 Poor Advertisement Coverage

Accounting officers and all other 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.

A sum of \$81,063 was spent on advertising in the Turaga and Marama magazines; refer to the table below for details.

However, the following anomalies were noted about the advertisement:

- The National Centre for Health Promotion, social marketing officer Mr. Saula Volavola had rejected the proposal to advertise in the magazine as the circulation was limited to around 5,000 in 2006.
- The price of a magazine was \$3.95 and many people could not afford to buy the magazine and thus again there was poor coverage for the advertisement.

Refer to the Table 19.8 below for details:

TABLE 19.8: AMOUNT PAID TO ADVERTISED IN THE TURAGA AND MARAMA MAGAZINE

Year	Amount \$
2006	27,000
2007	37,125
2008	16,938
Total	81,063

Despite the decision to reject the advertisement, a total of \$81,063 was incurred through advertisement with the magazine. This is uneconomical and a waste of public funds.

Recommendation

The Ministry should cease advertisement in the magazine and utilize other media outlets which have a wider coverage.

Management Comment

Your observation is noted and we have stopped this from 2008

19.18 Excessive Engagement of Private Printing Companies

A quote for Government supplies and government printer is required when procuring common use goods such as the standard stores and for printing of books brochures, newsletters and other printed material capable of being supplied by government printing.

The Ministry engaged private printing companies instead of the Government Printing and Stationery Department (GPSD) to undertake its printing works. There was also little control over the printing materials which were seen lying around in many of the hospitals and health centers and offices. Refer to the Table 19.9 below for details on some of the private printing companies engaged by the Ministry.

TABLE 19.9: DETAILS OF MAJOR PRINTING COMPANIES

Company Name	Period	Amount \$
Best Print Supplies	February 2006 to March 2008	29,143.41
Bluebird Printery	June 2003 to February 2008	224,961.75
Classic Printery	June 2003 to December 2007	41,658.77
Davui Printery	July 2003 to March 2008	58,080.00
Digital Print Fiji Limited	May 2003 to November 2008	2,590.00
Kingdom Print Limited	January 2005 to August 2007	40,807.00
Mags Printing Press	May 2003 to March 2008	52,522.80
Makoi Instant Print	May 2006 to February 2007	13,285.00
Max Marketing & Publishing Ltd	February 2004 to December 2007	64,310.00
Pacific Printery Limited	June 2003 to January 2008	131,883.75
Professional Printers Ltd	February 2006 to December 2007	51,572.00
Utell Prints (Fiji) Ltd	August 2003 to November 2006	21,745.00

Company Name	Period	Amount \$
Quality print limited	August 2003 to February 2008	91,014.00
Print House Limited	February 2005 to April 2007	25,050.00
Walmarc Graphics	March 2006 to November 2007	102,928.00
Star Printery	May 2003 to March 2008	179,620.00
Viti Office Stationery Supplies	August 2003 to February 2008	153,136.00
Total		1,284,307.48

The Ministry did not consult GPSD for its printing works, and as a consequence it could not be established that the above services were obtained from the most economical source.

Recommendations

- **The Ministry should ensure that the GPSD is considered when obtaining quotations for jobs.**
- **The Ministry should exercise proper control over the printing of documents to avoid wastage and reduce engagement of private printing companies.**

Management Comment

Previously it may have happened that Government Printing was not given to quote but now every stationery printing, Government Printer is given an opportunity to quote for the printing. When these printing quotes are evaluated Government Printer do gets certain printing jobs if they are cheap or otherwise.

19.19 Purchase of Vehicles through St Johns

Under a Memorandum of Understanding between St Johns Ambulance and the Ministry of Health, the St Johns Ambulance assists the Ministry of Health in the procurement and delivery of ambulance vehicles for use in sub divisional hospitals and identified health centres.¹²

The Ministry of Finance is responsible for the purchase of all government vehicles.

The Ministry purchased three vehicles in 2007 from St Johns Ambulance and the following of irregularities were noted from the purchase:

- The Memorandum of Understanding was for the purchase of ambulances but the Ministry had purchased vehicles instead of the ambulances.
- The approval for the purchase of the vehicles had come from the Permanent Secretary, where in a letter to the Senior Manager Finance, he had quoted “ambulance/vehicles”, thus two words instead of the one word in the Memorandum of Understanding “ambulance vehicles”.
- The vehicles purchased from St. Johns Ambulance were used vehicles and had previous owners in Fiji. A confirmation from Asco Motors indicated that the Ministry could have bought new vehicles instead. Refer to the Table 19.10 below for details.

¹² Clause 4.4.1 Memorandum of Understanding Between Ministry of Health and St John Ambulance

TABLE 19.10: DETAILS OF THE 3 VEHICLES PURCHASED FROM ST. JOHNS AMBULANCE

Date	Cheque #	Vehicle No.	Vehicle Description	Amount \$	Price/year quoted of New Vehicle by Asco Motors \$
11/12/07	143415	EM866	Toyota Hilux Twin Cab Year 2004	31,000.00	36,000.00/year 2007-8
16/11/07	222339	GN648	Toyota Hilux Year 2005	35,000.00	36,000.00/year 2007-8
15/11/07	222341	DM503	Toyota Prado Year 1999	24,000.00	55,900.00/year 2007-8

- The Ministry of Finance had been by-passed in the purchase of the vehicles.
- One of the vehicles purchased EM866 had an accident on the day it was brought to the Ministry. The vehicle is currently at the Tamavua Garage and audit inspection of the vehicles had evidence that it had an accident, and was being repaired. Refer to the picture below for details.



EM866 parked inside the Tamavua Garage



Close-up view of EM866, bona-fill is evident.
Bona-fill is used when a vehicle has an accident

The Ministry of Finance was not consulted in the purchase of the vehicles and the transaction is considered as uneconomical and unauthorized.

Recommendations

- Ministry of Finance should be involved in the purchases of all Ministry vehicles.
- The Ministry should conduct an investigation of the incident and take disciplinary actions against all officers responsible for authorizing the purchase of the vehicles.

Management Comments

Your observation is noted and adhered to it. We have sought MoF approval in 2008 purchase of vehicles Special Investigation is before the Disciplinary Committee.

Further OAG Comments

Audit checked with Mrs. Brown, secretary of the disciplinary committee and she commented that she was not aware of any investigation has commenced.

19.20 Sea Ambulance Not Delivered

If the quantity of the goods received is less than the quantity shown in the supplier's invoice or delivery note, the receiving officer shall furnish a report to the Administration Manager who shall arrange a claim against the supplier or carrier. All claims on suppliers or carriers should be made within three days of the goods being received.¹³

Under the Memorandum of Understanding between St Johns Ambulance and Ministry of Health, St Johns Ambulance assists the Ministry of Health in the procurement and delivery of ambulance vehicles for use in sub divisional hospitals and identified health Centers.¹⁴

Two boats and an engine were purchased through St. Johns Ambulance as follows:

TABLE 19.11: DETAILS OF ITEMS PURCHASED FROM ST. JOHNS AMBULANCE

Item	Price \$
Sea Ambulance for Soso Nursing Station	14,375
Sea Ambulance for Naqara Nursing Station	14,375
Engine for Vunisea Hospital	8,950
Total	37,700

In a letter to Ministry of Finance dated 30/11/07, Mrs. Sauroutu, the Senior Manager Finance had requested for approval of issuing a Purchase Order to ASCO Motors for the purchase of the 2 boats and the engine for Sub Divisional Medical Office (SDMO) Kadavu. However on 14/12/07 a sum of \$37,700 was paid through cheque number 143418 to the St John Ambulance for the supply of the items. Confirmation at the time of audit with SDMO Kadavu indicated that the items have not been delivered to Vunisea.

While ASCO Motors was the supplier for the items it could not be established why funds were diverted to St Johns Ambulance for the purchase of the items. Records pertaining to the purchase of the items were also not provided for audit as these were taken by the General Secretary who had resigned.

Recommendations

- **The Ministry should cease all procurements through St. Johns.**
- **The Ministry should conduct an investigation of the incident and take disciplinary actions against all officers responsible for authorizing and certifying the payments.**

Management Comments

Your observation is noted and adhered to it. Furthermore, the two boats were delivered at a later date.

Further OAG Comments

Audit noted that an outboard motor engine had fallen in the water but to date no officer has been surcharged for the loss, the two boats have been received at the respective stations. Furthermore,

¹³ Health Finance Manual-Section 2.5.5-2.5.6.

¹⁴ Clause 4.4.1 Memorandum of Understanding Between Ministry of Health and St John Ambulance

audit was notified by Ministry of Health that Mr. Wadali who was responsible for the lost engine had resigned and left the service without the Ministry's approval.

19.21 Hire of Private Vehicles for Cartage

Ministries and Departments must ensure that as much as possible the hiring of private vehicles must be kept at a minimum.

Audit noted that the Ministry had hired vehicles from Ricky's Investment for cartage of personal effects in the Central/Eastern Division for \$5,875 when it had vehicles that could be used for such purposes. Refer to the Table 19.12 for details.

TABLE 19.12: DETAILS OF THE VEHICLES AVAILABLE AT THE MINISTRY

Station	Vehicle No.	Size
Govt Pharmacy	GM293	5 Ton Hino Truck
DMO/ Cent/East	GN074	3 Ton Truck
Govt Pharmacy	GN161	3 Ton Nissan Truck
Govt Pharmacy	GN162	7 Ton Nissan Truck

Private vehicles were used over that of the Ministry's resulting in uneconomical use of government resources.

Recommendation

The Ministry should ensure that resources available are utilized and all means taken to save public funds.

Management Comment

The recommendation to use our own vehicles for cartage purposes is noted and ministry will make full effort to use our own vehicles.

Further OAG Comments

Audit checks revealed that as at 17/07/08, the Ministry has continued to hire private vehicles for carting of materials, rubbish and diesel.

19.22 Discrepancies at the Tamavua Garage

The Ministry's Garage was reopened in January 2005 after being left unused for the past 4 years.

It was decided by the Chief Executive Officer that the work at the Garage would involve all levels of vehicle servicing, minor mechanical and electrical works and that panel beating/body work will be developed over the New Year (2006).¹⁵

The following anomalies were noted from the operation of the garage.

- An auto electrician and a panel beater were not recruited since opening in 2005 and after the issue was raised in the audit report of 2006.
- The mechanics appointed by the Ministry have basic level of motor vehicle mechanic completing only Class 3 of tradesman testing at TPAF and over the 3 years of operation no other higher qualified mechanic had been employed at the Garage.
- Many of the tools and machines were not working and not repaired despite being highlighted in the 2006 audit report.
- Many of the tools and equipments purchased by the Ministry for the Garage checked by audit in March, 2008 were missing.
- Almost all Ministry vehicles in the central/eastern division were repaired at the private garages which in 3 years accumulated costs totaling \$1,119,389.
- The Ministry has failed to take actions on the head mechanic, in-charge of the Tamavua garage even after complaints had been lodged against him.

The Tamavua Garage was poorly managed and much needed resources were wasted in its operation.

Recommendations

- **The Ministry should assign a full time supervisor for the Garage and put in place stringent controls to monitor the work of the mechanics and the safeguarding of the tools and equipment at the Garage.**
- **The Ministry should contemplate employing panel beaters and more qualified mechanics to improve the quality and quantity of work at the Garage.**
- **The Ministry tools and equipments purchased for the Garage should be registered in the inventory register.**
- **The Ministry should discipline the mechanics found to be negligent.**
- **If the above recommendations could not be implemented the ministry should consider outsourcing this operation to the private sector as it would be more economical.**

Management Comments

A transport committee has been formed and 2 meetings have already been conducted, one of its role is look at the running of the Tamavua garage to ensure that there are no abuses and also the service rendered are to par.

The garage will only do B2, brake, wiper and greasing serving together with tyre repairs, minor welding and adjustment of door hinges .All major maintenance work will be contracted out as this garage is not designed for major works

¹⁵ Internal Memo from Chief Executive Officer, December 2005.

The transport officer at HQ is now in charge of the garage and controls the daily running of it. The stock inventory has been done and all records are kept at HQ and the mechanics are in charge of the tools. The Transport officer will do quarterly stock take of this.

Appropriate action will be taken against those mechanics that loose or damage the tools.

Further OAG Comments

A stock take has not been carried out, when audit last checked on 17/07/08.

19.23 Negligence over Garage Items

Accounting officers and all other 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.

A tyre changing machine purchased in December 2005 for \$5,480 has not been used to date as the compressor has not been installed. One 6 cylinder engine purchased for the Levuka Hospital Ambulance for \$1,900 from Bhan Auto Parts was lying idle in the garage. The ambulance had been repaired and returned to Levuka.

Moreover, no investigation as recommended in the 2006 audit report was carried out by the Ministry into the use of the equipment



Tyre Changing Machine still lying idle as at March 2008. 6 Cylinder Engine still lying unused as at March, 2008

Proper value has not been obtained from the purchases of the above equipment.

Recommendations

- **The Ministry should ensure that the tyre changing machine is put to use at the Garage and consider selling the 6 cylinder engine and recover the cost.**
- **The Ministry should discipline officers who failed to properly exercise value for money.**

Management Comments

***Tyre Changing Machine** – The electrical wiring has been carried to run this machine. This machine needs a compressor to run and the tyre repairing service should commence by end of July 2008.*

Negotiations are being made with few of the private garages to sell the engine initially bought for Levuka Hospital but not used, Note - Most of the officers involved in purchasing the tyre repair machine or the engines have left the service.

19.24 Unserviceable Vehicles not boarded

It is the responsibility of the head of the department to ensure that boards of survey are convened in respect of unserviceable vehicles, which should be promptly disposed by auction or otherwise instead of leaving them to deteriorate in departmental yards. The surveys are to be arranged with the Controller of Government Supplies.¹⁶

Several unserviceable vehicles belonging to the Ministry were parked at different health facilities. Although this issue was raised in the last audit report, the Ministry has yet to take any action.

Refer to the pictures below for vehicles which need immediate boarding, as their condition continues to deteriorate due to adverse weather condition, which subsequently reduce resale values.



Dental Mobil GK187, parked & rusting due to weather condition



GK725 parked at CWM hospital, as shown in picture, parts stripped



¹⁶ Transport Rules & Instructions 42(a)

The failure to board vehicles in a timely manner has led to the condition of the vehicles deteriorating and vehicle parts being cannibalized. This practice has greatly reduced the resale value of the vehicles.

The conditions of these vehicles would deteriorate further and their resale value would continue to decline as a consequence if immediate action is not taken to dispose them.

Recommendation

The Ministry should strictly adhere to Transport Rules & Instructions 42(a).

Management Comments

Recommendations have been made to COGS for the write off.

19.25 Poor Workmanship at Tamavua Garage

All vehicles should be repaired in a timely manner to ensure that unnecessary overhead costs are not incurred.

Audit scrutiny of the mechanical work at the Tamavua Garage revealed cases of poor workmanship which resulted in vehicles being taken to private garage for repairs.

Refer to the following examples for details.

a) Rakiraki Ambulance (GL064)

As highlighted in the 2006 audit report, this ambulance was parked at the Tamavua Garage after being towed from Marine Motors at a cost of \$ 650 for storage from January to September 2005.

After undergoing repairs at the Tamavua Garage, the vehicle underwent further repairs by Jhokesh Motors for \$9,776 before being returned to Rakiraki Hospital. Details of cost of repairs undertaken by the Tamavua Garage were not provided but repairs by Jhokesh Motors are as follow:

TABLE 19.13: REPAIRS OF GL064 AT JHOKESH MOTORS

LPO #	Particulars	Date of Service	Amount \$
64582	General Maintenance and electrical work	28/9/07	1,800
61202	General bodyworks and electrical repairs	19/7/07	7,976
Total			9,776



Repairs to GL 064 parked at Tamavua Garage under repair as at January 2007.

b) Pajero S/W/B (GL271)

Vehicle registration number GL 271 was brought from Navua Hospital in March 2006 to the Tamavua Garage for bodywork which commenced in early 2007 by the mechanics.

Audit also noted that painting material worth \$396 was also purchased for GL271 but was not used and the whereabouts of these are unknown. A visit to the Tamavua Garage in March 2008 revealed that the bodywork for GL271 was still incomplete and the vehicle was parked outside and exposed to all weather conditions. Refer to pictures below for details:



Body work undertaken of GL271 at Tamavua garage in 2007.



GL271 parked outside Tamavua Garage as at March, 2008.

Repairs to the vehicle are still incomplete and had taken a lot of time and resources. There is evidence that the mechanics at Tamavua Garage are incompetent and not qualified to undertake motor vehicle repairs.

Recommendations

- **The Ministry should take disciplinary actions against the mechanics responsible for the repairs of the above vehicles.**
- **Only qualified mechanics should be employed at the garage.**
- **The Ministry should streamline the operation at Tamavua Garage and maximize its use by ensuring that all ministry vehicles are repaired within. If this process cannot be achieved, repairs of ministry vehicles should be outsourced as it would be more economical.**

Management Comments

The recommendations are noted and appropriate disciplinary action will be taken once the full details of the paint etc are located

19.26 Improper Supervision of Ministry Vehicle

Accounting officers and all other 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.

Audit inspection at Tamavua Garage revealed that vehicle GM549 was parked at the Garage and had not been used for over 18 months after it was repaired. Audit noted the following irregularities:

- As highlighted in the audit report in 2006, this vehicle was repaired at Marine Motors for \$4,450 in May 2006 and later additional cost incurred for removing rust was \$4,875, totaling \$9,325. After the repairs it was parked at the Tamavua Garage where its condition continued to deteriorate (refer to the picture below). The Ministry in response agreed to investigate and discipline the responsible officer.
- Audit checks this year revealed that no investigation was conducted as suggested by Ministry.
- Audit carried out a check with LTA for the vehicles inspection certificate, but found out that the vehicle was not registered with LTA and that it was not authorized to be driven on the road.
- The vehicle is currently parked at the Tamavua Garage and exposed to adverse weather conditions. Refer to the pictures below:



The rusted door step of GM549 as at April, 2007



GM549 parked outside Tamvua Garage in March, 2008.

Poor management of vehicles and maintenance is evident in this case and proper value was not obtained for the \$9,325 spent on the repair of the above unit.

Recommendations

- **Responsible officers should be disciplined.**

- **The Ministry should register the vehicle GM549 with LTA and further repairs needed should be undertaken.**

Management Comments

Recommendation noted and disciplinary action will be taken against those after and internal investigation has been completed. The vehicle is registered under LTA. The vehicle no. GM549 was last given fitness and registered under LTA on 12/02/03. A/EOT is making arrangements to seek further clarification from LTA on this vehicle as this vehicle is currently out of road and parked at Tamavua garage.

19.27 Excessive Usage of Private Garages

The Ministry's Garage was reopened in January 2005 after a being left unused for the past 4 years.

The Chief Executive Officer indicated that the work at the Garage would involve all levels of vehicle servicing, minor mechanical and electrical works and that panel beating/body work will be developed from 2006.¹⁷

Despite the Ministry operating its own garage at Tamavua, there had been continuous engagement of the services of private garages. From 2005 until 2007 private garages which are located in the central division were paid \$1,119,389. Refer to **Appendix 19.6** for more details. Vehicles under warranty were not usually taken to agents but instead to non-reputable garages and repairs became more frequent after that.

The lack of proper supervision and monitoring of vehicle repairs by the transport officers have resulted in excessive repair cost carried out by private garage.

Recommendations

- **The Ministry should ensure that the Tamavua Garage is re-organized so that its operation can be more economical.**
- **The Ministry should only recruit qualified mechanics, purchase appropriate machine and equipment to be used at the garage and engage a supervisor to manage operations at of the garage.**
- **Management should create a committee at the Ministry Headquarters to specifically look into any repairs of vehicles over \$1,000 and be responsible for calling closed tender quotations and those officers who fail to follow should be severely disinclined.**
- **If the Ministry cannot implement the above recommendations, it should consider closing the garage operations and outsource all vehicle repair works to the private sector.**

Management Comments

Recommendation is noted and transport committee will look into this. This is not feasible in near future due to the new staff intake restriction placed by PSC. Committee has been created and it will decide on this.

¹⁷ Internal Memo from Chief Executive Officer, December 2005.

19.28 Poor Monitoring of Vehicle Repairs

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and ensure that proper value is obtained for all sums spent.

The vehicle GN173 was involved in an accident in December 2005 and was repaired at Jeral Auto Services at a cost of \$7,096 which was paid on 21/12/05 vide cheque no. 080285. The Garage ceased operation in April 2007 however repairs to the vehicle had remained incomplete.

Further repair was then undertaken by Jhokesh Motors for a further \$4,440 which was paid on 14/5/07 through cheque no. 124740. This garage also ceased operation in early 2008 without completing the repairs to the vehicle.

Audit visited the location where Jhokesh Motors operated from only to find out that a new company by the name of Embee Motors had taken over, and GN173 was still parked there; refer to figure 2. Embee Motor Works had also written to the Ministry quoting \$11,670 to complete the repairs for GN173.



Figure 1: GN173 in the garage at Jeral Motors in 2006



Figure 2: GN173 in the garage at Embee Motors in 2008.

Repairs made to the above vehicle were not properly monitored and a substantial amount totaling \$11,536 was spent on it, and after a period of about 3 years, repairs are still incomplete. Proper value has not been obtained for all sums spent.

Recommendations

- The Ministry should discipline all the officers involved in the repairs of this vehicle.
- The officers who had authorized the payments without checking the progress to the repairs was completed should be surcharged.
- The companies that delay repair works should not be considered for any further government contracts.

Management Comments

The recommendations are noted and the transport committee will monitor all future repairs to avoid such incidents.

19.29 Poor Workmanship at Private Garages

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and ensure that proper value is obtained for all sums spent.

The Ministry had been engaging private garages to carry out repairs on its vehicles; and the following irregularities were noted by audit:

- There were many repetitive repairs on the Ministry vehicles. Refer to the **Appendix 19.7**.
- The authenticity of the work carried out at these private garages cannot be guaranteed as the Ministry staffs failed to scrutinize the work carried out.
- The risk of collusion between Ministry officials and the private garages cannot be ruled out.

The lack of monitoring of repairs on vehicles at private garages and the risk of collusion between Ministry officials and the owners of private garages cannot be ruled out and this in turn has led to repetitive repairs on the same vehicles and exorbitant charges to the Ministry.

Recommendation

In all future repairs at private garages, the Ministry's mechanics should scrutinise the repairs against the invoice details to ensure that all repairs paid for were actually carried out.

Management Comments

All necessary precautions are being taken to avoid this sort of practices.

19.30 Local Purchase Orders raised after Additional Repairs

Before any Local Purchase Orders is issued, 3 competitive quotations are to be obtained.

Audit scrutiny of repairs of the Ministry vehicles revealed that there were many cases where vehicles were taken into a private garage for repair and whilst repairing another of the Ministry's vehicle would be given to that particular company and subsequently another LPO would be issued without obtaining quotes from other garages; for example refer to **Appendix 19.8**.

In not obtaining competitive quotations the Ministry may not be obtaining the most economical service.

Recommendations

- **The Ministry is to ensure that all repairs carried out by the Ministry should have 3 competitive quotations.**
- **Officers who were responsible for the above anomalies should be disciplined.**

Management Comments

All the recommendations are noted and all the matters relating to our transport issues are now handled by the transport committee to ensure that we do get the best services for the money paid.

FIJI PHARMACEUTICAL SERVICES**19.31 Expired Drugs**

In the National Drug Policy of 1994, the Ministry of Health states that it would strive to improve and standardize inventory control procedures at all levels of the public drug system. Minimum and maximum stock levels will be introduced, systematic stock rotation ensured, dead stocks and expired stocks identified and either disposed off or, in the case of non-expired useable items, redistributed.

Examination of drug records at the Fiji Pharmaceutical Service revealed that expired drugs to the value of \$671,645 were still held in 2007.

A comparison of expired drugs held by the Fiji Pharmaceutical Service for the last five years revealed the position has not improved. Refer to the following Table 19.14 for details.

TABLE 19.14: EXPIRED DRUGS

Year	Amount Budgeted \$	Total Amount of Expired Drugs \$
2003	8,032,500	243,552.86
2004	8,032,500	235,543.00
2005	8,032,500	518,389.30
2006	8,032,500	387,441.19
2007	9,500,000	671,645.67
Total	41,630,000	2,056,572.02

It was further noted that expired drugs occupy unnecessary space in the warehouse and no action is being taken to dispose them.

The above indicates that no control is in place to monitor and coordinate the ordering and distribution of drugs in the country and this has resulted in substantial losses through expired drugs.

Recommendations

- **Instructions under the National Drug Policy should be adhered to by the Fiji Pharmaceutical Service at all times.**
- **Proper procedures must be put in to place to ensure that there is a proper co-ordination between the ordering and distribution of drugs in order to avoid overstocking of drugs.**

Management Comments

<i>Year</i>	<i>Budgeted Drugs \$</i>	<i>Total Amount \$</i>	<i>% Expiry (total inventory holding) \$18,000,000</i>
2003	8,032,500	243,552.86	1.35%
2004	8,032,500	235,543.00	1.31%
2005	8,032,500	518,389.30	2.88%
2006	8,032,500	387,441.19	2.15%
2007	9,500,000	671,645.67	3.73%

The total expired amount needs to be viewed in proportion to the total inventory that FPS stocks. FPS stocks an estimated amount of \$18M worth of inventory stocks. In terms of percentage of obsolescence, this figures amounts to well below 5%, an indicator used by the WHO to estimated performance on obsolete stock as percentage of total inventory holding.

In addition, strategies have been put in place to ensure that expired stocks are reduced. Suppliers have been reminded that the life span for all drugs and consumables should not be less than 18months. Suppliers have been instructed to replace stocks with less expiry and they have adhered to this arrangement.

The other factor is that other health facilities return their expired stocks to FPBS. Our warehouse have become like a dumping ground for expired drugs and consumables. The reasons are that health workers in the divisions are not fully aware of the procedures to write off stocks.

Furthermore the total amount of drugs of 2007 is a cumulative of some of 2005 and 2006. These expired stocks, unserviceable reports were prepared and given to COGS however this reports were held back by the Verification Officer. The officer claimed that procedures were not done and he will do another independent stock-take, which was done in 2007. These were the figure that was reported in the 2007 Expired Report.

19.32 Out of Stock Drugs

The aim of the National Drug Policy is to ensure the continued availability of sufficient quantities of the required essential drugs at all levels of the health system, through the accurate and systematic recording, monitoring and reporting of stock levels of all items.

It was noted that some drugs were out of stock at the Fiji Pharmaceutical Service. Refer to **Appendix 19.9** for details.

This implies a lack of proper planning and controls over drug procurement and its distribution to Hospitals and Health Centres. This will have impact on patients who depend on government for drugs.

Recommendations

- **Levels of drugs and consumable items in stores should be monitored regularly and reorders made before it reaches to minimum stock level.**
- **The Chief Pharmacist should be cautioned for not complying with the National Drug Policy of 1994.**

Management Comment

FPS has had its role expanded beyond pharmaceuticals, to include vaccines, contraceptives, dressings, medical consumables, X-Ray materials, staff uniforms and linen.

FPS has been experiencing a number of problems this year in respect of stock-outs of certain items, including a significant number of essential drugs. Also, there have been issues arising regarding the supply, internally within the MoH, across Fiji and the MoH's three geographical Divisions, their hospitals and clinics. The immediate response to stock-outs has been to buy more stock, to stock-up and to increase the maximum stock levels for a range of items. When once this has solved the immediate stock-out problems attention will need to focus on the efficiency and effectiveness of stock management and logistics. In this way the FPS can, sustainable and with reasonable maximum stock levels, manage to avoid stock-outs in future.

One clear contributory factor leading to stock-outs has been the length of the supply chain leading to FPS' receipt of goods into store. This length is not only a matter of kilometers, but, very much, one of extended time periods. Fiji is, by international standards, a small market, a small customer and suffers accordingly in terms of service, particularly the speed of response. There are also issues within the processes of the Government of Fiji (GoF) that slow down and extend the period between FPS initiating a purchase order and that order being placed with a supplier.

For this reason stocks are monitored regularly and orders are placed when they reaches minimum level. However the process of issuing an order is quite lengthy and not as straightforward like in the private sector.

The process can take about a couple of weeks to months to issue an order. This in itself can result in stock outs because it is not factored into the lead-time.

New strategies have been put in place to ensure that orders are initiated once stocks have reached reorder level and not minimum level. This is to factor additional processing time where suppliers need to commit through Pro-forma purchase order before Indents or purchase orders are issued.

19.33 Damaged Drugs

Heads of departments shall be responsible for the proper custody and control of all public stores in their departments¹⁸.

It was noted that drugs and consumables were damaged during the flood in 2007. The extent of the damage is valued at \$93,050.

The lack of preventative measures by management resulted in loss of drugs and consumables.

Recommendation

Fiji Pharmaceutical Services should always take precautionary measures to avoid any loss of public stores during natural disasters.

Management Comments

Proper custody and storage of stocks remains paramount for management. Every effort to ensure drugs and consumables are cleared from the containers once it arrives at FPBS. Due to receiving procedure it make it difficult to un-stuff containers all at once. New stocks need to be checked and verified before it can be stored in the Bulk. Our

¹⁸ Supplies & Services Instructions 12.

system allocates empty rack locations in the Bulk and stocks cannot be stored all at once. New stocks will only be moved into the racks with the availability of pallets and empty racks.

Unfortunately in this instance, containers arrived on Friday and were not cleared because of the limited space in the Bulk. The unfavourable weather was something beyond our control during the weekend. This resulted in the stocks being damaged because the front yard was flooded. The poor drainage system also contributed to the flooding of the yard.

19.34 Short Expiry of Advantage Strip

The minimum time of expiry of drugs and consumables upon reaching Fiji Pharmaceutical Service should not be less than 18 months.¹⁹

It was noted that 20,000 advantage strips were purchased and received on 10/1/07 but a total of 6,332 worth \$167,798 expired on 10/2/08.

The advantage strips had expired within 13 months instead of the required 18 months as a result of poor inventory issues and distribution.

Recommendations

- **Instructions under the National Drug Policy should be adhered to by the Fiji Pharmaceutical Service.**
- **Consumable items should be issued using the First- In-First –Out method.**
- **Levels of drugs and consumable items in stores should be monitored regularly and it should be issued out before it reaches its expiry date.**

Management Comments

The National Drug Policy is still being adhered too in terms of 18 months expiry. The 20,000 strips were purchased due to the high demand of strips. Unfortunately the strips were not sold as first in first out and also of the changes in machine from Accu-Check to Omi Test.

19.35 Risky Storage Area

Regular checks will be carried out on the quality of stored drugs at all levels to ensure that they have not deteriorated under the storage conditions prevailing at each location.²⁰

Some slow moving drugs and items namely Cellulose, cotton wool, IV Giving, 5,10 & 50ml syringes, autoclave bags, identification bracelets for infants and plastic bag for dispensing were stored at the old Government Pharmacy due to lack of space at the new pharmacy complex. The total value of these items in 2007 was \$512,146.

¹⁹ Conditions of Contract for Supply of Goods (4.9.1)

²⁰ Fiji National Drug Policy 1994-section 6.2

The storage of drugs and consumables at the Old Government Pharmacy is a risk as reported in the previous year that a number of items were damaged due to heavy rain and leakage.

The failure to adhere to the Fiji National Drug Policy (1994) could result in further damaged drugs and loss to government.

Recommendation

The Fiji National Drug Policy 1994 Section 6.2 should be adhered to at all times.

Management Comments

These consumable were identified as slow moving and the reason these stocks were moved to another Warehouse to allow for new stocks to be cleared and stored in the Bulk Warehouse.

The premises are still under the Ministry of Health and requests were submitted to HQ to do repair works because some of the stocks were stored there.

19.36 Poor Control in Receiving Delivered Items

Upon receipt of the goods, services or works, the receiving officer shall verify that their receipts are in good order and that the invoice is in accordance with the LPO.²¹

It was noted that upon receiving of items, delivery dockets were signed without any verification done to the Invoice or LPO.

This resulted in the delivery of two wrong quantities of items despite the delivery docket being signed by the delivery officer. The items ordered under indents 421/07 and 299/07 were delivered on 4/12/07. On 19/12/07, the Supervisor for the Receiving Items, Mr Mitieli Maraiwai, noticed that items ordered as per indent No. 421/07 were delivered but items ordered under indent No.299/07 worth \$6,321 had not been received.

Further investigation by the Fiji Pharmaceutical Service revealed that the supplier (B Braun), freight forwarder (Maersk) and Controller of Goods and Services confirmed that the package contained two indents. At the time of compiling the report, the FPS has still to identify the whereabouts of the items in indent No.299/07.

The above irregularity is a direct result of laxity of senior officers to ensure that proper internal control procedures are in place.

Recommendations

- **The Officer responsible for this irregularity should be surcharged for not exercising proper control and custody of the delivered items.**
- **Management should ensure that proper procedures are followed regarding the receipting, custody and storage of drugs and consumables.**

²¹ Ministry of Health Finance Manual 2005 2.5.14

Management Comments

Management have put in standard operating procedures which clearly defines the steps of receiving new stocks in the Warehouse. Furthermore the Supplies and Services Instructions also clearly state the responsible of store man when receiving stocks.

Investigation has been conducted and the final assessment is that the item with Indent No: MD299/07 was not supplied by BBraun. This has been communicated to the supplier and they confirmed that they would conduct their own investigation before they can actually ascertain the where about of the missing item.

Since 2007 with the introduction of the new payment method after goods are received, checked and satisfied, significant improvement have been seen for goods with short shipment.

CWM HOSPITAL**19.37 Current Condition of CWM'S Ambulance**

Ministry of Health is required to provide the ambulance services in public hospitals at a level comparable to international best practice.

CWM Hospital however has only three Ambulance vehicles of which two had been under repair (GM005 and GL842) since February 2007. Refer Table 4 for details.

Moreover, vehicles currently used by the Ministry for ambulance services are not well equipped.

TABLE 19.15: CONDITION OF AMBULANCE

Station	Vehicle #	Year Reg.	Audit Checks Revealed
CWM Hospital	GL842	1993	Under repair at Kritika Motors since February 2007
			Very old, brakes not working properly and due to being very old is only used to transfer patients from New hospital to Old and vice versa.
CWM Hospital	GM005	1994	Under repair since late 2007.
CWM Hospital	GN268	2000	Working but very old and under repair in most of 2006

Patients are at risk and also inconvenienced when hospital services are not up to expectation.

Recommendation

The Ministry should review its fleet and ensure that it meets the required standard.

Managements Comment

Replacements of vehicles and Ambulances are beyond our control as it is handled and decided for by the Ministry of Health Head Office and Ministry of Finance.

19.38 Service Rendered Without a Written Agreement

A written contract or agreement must be entered into with the approved tender for the supply of the goods, services or works tendered. Legal advice must be sought on the draft contract or agreement unless the CEO approves otherwise in writing.²²

The Canteen Service at the Maternity Ward was operating without any written contract or agreement and no rent was collected since it started operation in 2006. Mrs. Atelini Dakua, Director for Operation Food for Life is currently operating the canteen.

The government is being deprived revenue from the use of this canteen as there is no approved rental agreement.

Recommendations

- **The current tenant should cease its operation and a new tender called.**
- **An economical rent should be assessed and the current operator charged the rental arrears.**
- **Responsible officers should be surcharged if the rent is not recovered.**

Managements Comment

This Agreement between the Dorcas and the old hospital management was made verbally and we confirm that we will now give notice to the current company to cease operations and a new tender will be called. I understand that the person responsible for this Agreement has left the country and now settled in New Zealand. Every effort will be made to recover all cost involved.

19.39 Old Machine and Equipment

The Ministry of Health's mission statement states that it will be responsible for providing quality health services for the people of Fiji through a strengthened divisional health structures.²³

Some old machine and equipment that need urgent maintenance and replacement are still being used by the Hospital. Refer the following:

- **Standby Generator – Maternity Services:** This generator can only back up lights and not air condition and other necessary equipment needed for delivery services.
- **Mortuary -** The structure or frame for the mortuary cabinet and the inside trays where the bodies are kept have rusted and subsequently deteriorating. Refer to the pictures below.

²² Ministry of Health Finance Manual 2005 2.4.16

²³ Ministry of Health's Mission Statement.



The old back up generator for maternity unit



The front doors of the mortuary rusting

Dryers: Out of 6 dryers used at CWM, 2 are no longer operating due to damages sustain by their motor and need to be repaired/replaced.



Front view of the old Dryers at the Laundry



The back of the dryers have started to erode away

The dryers are considered to be obsolete and would have significant maintenance cost.

Recommendation

The ministry should draw up a maintenance and replacement program for its equipment to ensure that regular maintenance is carried out and obsolete equipment identified and replaced.

Managements Comment

Every year CWM management has complain and requested this in budget submission to HQ for machines and equipments to be replaced but nothing positive has happened. Plans are in place to improve and upgrade our Mortuary services and it is with the MOH planning unit.

LAUTOKA HOSPITAL

19.40 Expired Drugs

The Ministry of Health will strive to improve and standardize inventory control procedures at all levels of the public drug system. Minimum and maximum stock levels will be introduced, systematic stock rotation ensured, dead stocks and expired stocks identified and either disposed off or, in the case of non-expired useable items, redistributed.²⁴

Audit inspection carried out at the Lautoka Hospital pharmacy records revealed that for 2007, \$11,657 worth of drugs had expired at the pharmacy.

Furthermore it was noted that even though some of these drugs were near expiry, the pharmacists had not distributed them to medical centers where they could be utilized before expiry.

The absence of improved and standardized inventory control procedures has resulted in expiry of drugs on the shelves.

Recommendation

Management should ensure that a monitoring system is in place to ensure near expiry drugs are identified and distributed to Health Centres or other hospitals for use before expiry.

Management Comments

Decrease in percentage of expired drugs – In 2007 the Pharmacy Unit has managed to decrease the percentage of expired drugs from 1.93% to 1.31% of our total budget, which is a great achievement.

Shortage of manpower – in the logistic section to closely monitor stocks and inventory management. There is only one staff that looks after the logistic section in order to fulfill its roles and responsibilities.

Near expired drugs – Most of the drugs received from FPS have near expiry date in which they will be used until the drugs expired on the shelves. Redistribution to other health facilities is part of the Pharmacy Unit inventory management but it is always impossible since all have the same batches and expiry date of drugs.

Slow moving drugs [high cost] – Some of the very slow moving drugs, which are high in cost, Accumulate to the total cost. For instant, 16 expired Emla Patch worth \$2,222.91 and it is one of the slow moving drugs.

High usage and vital drugs – Some of the high usage and vital drugs that the Pharmacy Unit has to order every time have short expiry date and yet they still have to order maximum stock level to meet demand from wards and members of the public.

²⁴ National Drug Policy (1994)

19.41 Contract Service

It is mandatory requirement to obtain legal clearance (including vetting) on all contracts, agreements, etc government is party to before they are signed and sealed. It should be reiterated that the draft contracts should be forwarded to the Attorney General's Chambers for vetting as early as possible.

Where liability is incurred against government directly arising out of weakness in the contract documents, where the prior clearance of the Attorney General's Chambers was not obtained, appropriate action should be taken against the officer(s) concerned which may include surcharge action to recover the cost.²⁵

The General Manager at Lautoka Hospital had engaged Chemdry Chemicals to supply Laundry Chlorinated Powder for a period of 3 months without any quotations or any formal approval from Headquarters. The laundry powder from Chemdry Chemicals cost \$236 per 25kg while another supplier, Mean Products was selling at \$155 per 25 kg.

Significant savings would have been realized had proper tender process was followed and a contract drawn up with the most competitive supplier.

Recommendations

- **Management should terminate its 3 month trial basis with Chemdry Chemicals and call for new tenders.**
- **The use of Chemdry Chemicals to supply Laundry Powder should be investigated and should there be any evidence of mismanagement, appropriate disciplinary action should be considered.**
- **Consideration should be made on recovering the difference of the prices charged by the 2 suppliers.**

Management Comments

The choice to engage Chem. Dry was due to a need that Chem. Dry could provide for the hospital as outlined in 7.5. Electronic Solutions had the monopoly for many years and we believed that we weren't being given value for money. The previous GM gave Chem. dry a trial to provide laundry chemicals whilst they would also provide maintenance to our machines FOC. This service is not provided by Means or KAKs. From October 2007 to December, our records show that the machines have been in running order most of the time. We renegotiated their chemical costs to be within our budget whilst they continue providing the service to the machines. This they have done and for the first three months, we have had no major breakdown, which is excellent. The machines are 17 years old and therefore they need daily doctoring!! Machines will breakdown anyway due to wear and tear but it has been to our advantage to engage them at no added cost. We will be reviewing this agreement to ensure that its value for money.

WESTERN HEALTH SERVICES

19.42 Uneconomical Spending

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds thereby ensure that proper value is obtained for all sums spent.

²⁵ PSC Circular No.39/99-Mandatory Requirement-Legal Clearance on All Government Contracts, dated 29/10/99

The Mercer Autoclave Machine at the Lautoka Hospital had broken down since 7/7/03. A number of repair works had been carried out by the company, Electronic Process Solutions but the machine remained out of order. The total cost of repairs amounted to \$10,895.

Recommendation

Management should ensure that a proper economy of public funds is given priority and appropriate expertise is engaged to bring the machine to operating condition.

Management Comments

The machine experienced a first major breakdown after 8 years of its usage and with no knowledge of electronics in our Hospital Service staff; we have no choice but to outsource in order to have it repaired. We were at the mercy of electronic solutions as they had monopoly for years.

Electronic Process Solution was called to investigate and provide a quote since the company was also repairing our laundry washing machines.

The following procedures were followed in seeking approval:

Requisition was prepared and submitted with quotes for approval by GMLH

Approval given for processing LPO

LPO forwarded to Director WHS for signing.

As the company that has repaired our laundry washing machines for the last 10 years with no complaints of return and uncompleted work, we had confident that the machine would be repaired. However, as time moved on, we noted that the company seemed to treat the repair of hospital washing machine as its low priority. This is despite the fact that follow up actions were taken by management. We were advised also that EPS does repair similar machines in Hotels and well-known companies.

Hence due to delay in sourcing the needed parts to repair the machines from overseas by the above company, and the urgent need to have the machine running at the same time for obvious reasons, we had no option but to look for an alternative source to take on the responsibility to repair the machine. The electronic problems were repaired on 11/10/07.

19.43 Loss of Government Revenue

The charges set out in the third schedule shall be paid by agent of aircraft for overtime work by any officer of the Ministry of Health as specified in the said schedule.²⁶

The Ministry was not charging the aircraft agents for the services provided by health inspectors. Instead the Ministry was paying the officer's overtime and meal claims in addition to their normal salary for carrying out such tasks.

Tabulated below are overtime claims paid to Health Officers at the Nadi Airport during 2006 and 2007. Refer to the **Appendix 19.10** for a breakdown of the costs.

TABLE 19.16: OVERTIME CLAIMS FOR HEALTH OFFICERS

²⁶ Quarantine Act Cap 112 Section19(3)

Year	Amount \$
2006	74,534
2007	63,759
Total	138,293

By failing to charge quarantine fees, government is forgoing revenue it has rightfully earned.

Recommendation

The Ministry should enforce Quarantine Act 112 Section 19 (3).

Managements Comment

The decision to charge Health Quarantine Services is very long overdue despite being stipulated under the 3rd schedule of the Quarantine Act cap. 112, section 19 (3). I believe the main reason no fees had been charge on various quarantine duties carried out was because the services were the responsibilities of the Fiji Government then, who was solely delivering the services for free.

The Ministry of Health is the only government ministry/department delivering the services for free at Nadi Airport right now. Immigration, Customs and Agriculture Quarantine are charging services they deliver. To off-set the high cost of maintaining the delivery of Health quarantine services at Nadi Airport, I recommend:

Charging of fees for all quarantine activities carried out at Nadi Airport. Reviewing of Quarantine Services at both Nadi and Lautoka Ports of Entry. Review of current charges of fees at Lautoka Port of Entry. The Quarantine Unit at Nadi Airport to be a specialize unit of its own and to run its own affairs.

19.44 Loss of Laptops

Government assets should at all times be safe guarded against theft or misuse.

Audit noted that the Director of Western Health lost two laptops on the 18/10/06 and another on 12/2/07. The total cost of the laptops is \$7,000.

Further investigations revealed that the Director of Western Health had not been surcharged for the loss of the laptops.

Recommendation

Management should investigate the circumstances surrounding the loss of lap tops and if necessary disciplinary action against the officer should be taken.

Management Comments

The western health Office is located along the main traffic way and a night club just opposite, hence, it's exposed to drunkards and all sorts of characters. The Office is adjacent to what can be described as a "brothel. And it was common knowledge that marijuana was often used in the vicinity. The western health office evolved in its establishment and it didn't have any security officers when I joined in 2004 as it was not part of the establishment. A request to have a security was denied. The office was ransacked in October as thieves broke through the restauraunt below the office and gained access through the back door by breaking into the office door and entered most of the

offices looking for money. Thieves forced open the office door stole laptop was in the cabinet and was taken from there. Police were called upon discovery the following morning and report sent to DCS. To this day the police have not caught the culprit.

The stolen Laptop was issued to Dr Rabukawaqa. A request was made for a replacement as would have been done by any officer. The prerogative is the CEO's. Following the events at WHS, a security officer was employed to watch at nights, during the most at risk periods- Thursday to Sunday. Fulltime employment was not possible, as this request was not approved. We had a staff meeting between 8.15 to 8.45 on the morning of the said day am. The laptop was in the office [door closed], we were all in the conference room. The lady who was supposed to be sitting at the switchboard decided to come in as well [only discovered when investigations were done]. Two staff were sitting at the entrance to the office waiting for a training session. Someone had come in through the main entrance, and taken the laptop, a brand new Razer mobile and my purse from my bag. The gentleman was assumed to be from WHS, as he had a similar colored uniform but was noted to be holding a black bag. He walked passed them on his way out. The police were contacted immediately upon discovery and gave chase but he was nowhere to be found. Report was sent to PSH via Manager General Services. My cards were later found under the carpet next door ["brothel"] but police could not to this day catch the culprit!

It is no secret that WHS is a prime target due to its location and several staff can testify to the thefts they have personally experienced in the office. Adjacent Hub center was also the target. All losses were handed to the police for investigations. And reports sent to HQ.

*The landlord was always informed regarding security issues. A security officer was provided, security locks provided, Enquiries desk changed and operator to be on site –mandatory. Security is now a major issue as I have repeated brought to the attention of NEC and I don't think I should be surcharged at all.
Dr Tui Taoi Ex Director Western Health Services.*

NORTHERN HEALTH SERVICES

19.45 Tyre Records

All goods received in an undamaged condition and which are in no respect defective shall be taken on charge in a stock register.²⁷

There was no stock/tally card maintained for tyres at the hospital prior to November 2007. A lot of damaged tyres were stacked in the storage area taking up unnecessary space and there was no record maintained for these damaged tyres.

An internal investigations on the on the usage of tyres at Labasa Hospital was carried out by L. Conaliku (AAO) in October 2007. The following defects were highlighted in her report dated 31/10/07:

- Various LPOs had been issued for substantial number of tyres at once and not on the basis of need.
- There was a lack of control in the approval of purchase of 45 tyres costing \$5,128 at one particular time on 21/3/07.
- There was no proper recording of receipt and issue of tyres by the store man.
- Verification of availability of tyres at Supplies Department was not carried out before issuing orders to private companies.
- Only 25 tyres have been confirmed as fitted on official vehicles and the whereabouts of the balance of 51 could not be determined.

²⁷ Supplies and Services Instruction 44(1)

There was obviously a lack of control over receipt, issue and storage of tyres at the Labasa Hospital.

Recommendations

- **A thorough investigation should be carried out and disciplinary action should be taken against those involved.**
- **A proper record should be maintained by the store man to properly record and account for all receipt and issues.**

Management Comments

There was a weakness in our monitoring for the records of tyres bought and issued out. One of the main problems was lack of staff and the lack of space for the Mechanical Stores. This is one of the areas which we are improving now. The tyres are currently issued on exchange basis, the used rubber tyres are sold to Bandag while the damaged one are burned.

Below are actions that we have taken on various defects that were highlighted by the audit personal. The store man have been informed of the issue raised and he is now keeping maximum stock required to meet the hospital needs

Stringent control measures have already been taken to ensure all requests are vetted and processed when need arises.

Tyres are now kept at hospital stores and tally cards have already been opened to record receipting and issuing of the items

All standard stock items are now verified before orders are given to private companies.

We are still waiting for Mr James to provide his explanation with all necessary supportive document and if he fails to respond on the due date than the disciplinary committee will take further action in which you will be informed in due course.

FINAL CASH ACCOUNT

19.46 Delay in Banking

The Cashier shall bank money received on a daily basis at least. The lodgement form shall be prepared in triplicate detailing the deposits to be made.²⁸ If it is not practical to bank money daily i.e. if banking facilities are not accessible or money received is less than \$50, money may be kept overnight, but it must be kept under lock and key in a safe or strong box.²⁹

Audit noted that there were delays in lodgment of revenue at Savusavu Hospital. Details are shown in the table below:

TABLE 19.17: DELAYS IN LODGMENT

²⁸ Finance Manual, section 5.4.1

²⁹ Finance Manual, section 5.4.5

Date	Receipt No.	Lodgement Date	No. of Days Delay	Amount \$
16/02/07	59301 – 59302	22/02/07	6 days	195.00
28/02/07	59308 – 59310	18/03/07	8 days	169.00
06/03/07	59315 – 59317	16/03/07	10 days	142.00
09/03/07	59319 – 59321	22/03/07	13 days	167.00
12-14/03/07	59322 – 59324	26/03/07	12 days	112.75
15-17/03/07	59325 – 59327	16/04/07	29 days	250.00
18/03/07	59328	27/03/07	9 days	13.75
19/03/07	59329 – 59333	27/04/07	38 days	63.00
03-07/05/07	376373 – 376376	09/05/07	2 days	48.50
09/05/07	376377 – 376378	11/05/07	2 days	48.70
09-12/05/07	376379 – 376383	16/05/07	4 days	339.00

Furthermore, there is no safe or secured place to keep the cash.

Lack of control over revenue collection and delays in banking increases the risk of misappropriation of funds.

Recommendations

- **The clerical officer at the hospital should be cautioned to ensure that banking is done on a daily basis.**
- **For security reasons, a safe or a lockable cabinet should be maintained at the hospital.**

Management Comments

The clerk Mere Marama had admitted that she used the revenue for her personal use and repaid later that delay banking in this instance. Disciplinary action will be taken against her, a minute to this issue has been conveyed to relevant office for further action.

We will request MoF for a safe which will be carried out early 2009 since they have exhausted their budgetary allocation for 2008.

19.47 Issuing of LPO after Cut of Date

Ministry of Finance had issued a circular to ensure that no LPO are not issued beyond 7/12/07 with the only exception to supply of emergency goods and services.³⁰

The Ministry had raised LPOs even after the cut off dates and that the nature of some of the transactions in which the LPOs were raised were not for essential services. Refer to Table 19.18 for examples of non essential LPOs which were issued after the cut off date.

TABLE 19.18: DETAILS OF LPOS ISSUED AFTER 07/12/07.

LPO No.	Date of Issue	Vendor Name	Total Amount \$
68489	31/12/07	Raffles Trade Wind Hotel	1,068

³⁰ Finance Circular No. 21/2007 section 7.12 & 7.13

LPO No.	Date of Issue	Vendor Name	Total Amount \$
68476	27/12/07	Tanoa Plaza	17,413
68453	19/12/07	Waichui Black transport	1,533
68430	18/12/07	Crescent Holiday entertainment	320
68418	17/12/07	Davui Printery	8,800
68388	13/12/07	Command Investment	4,371
68376	11/12/07	Tradewinds Marine Limited	780
68417	17/12/07	Designgrafix	120

The failure to stop issuing of LPOs is a breach of Finance Circular No. 21/2007.

Recommendation

The Ministry should ensure that Ministry of Finance Circular is always adhered to.

Management Comments

Comments not received

19.48 Revenue Variances

Each Accounting Head shall ensure that revenue is recorded against the correct account; the recording of revenue is reconciled monthly with the Ministry of Finance. the Ministry of Finance is advised of any errors or discrepancies within 10 working days after the end of each month;³¹

The following discrepancies were noted between the Ministry of Health revenue balances and FMIS as shown in the table below:

TABLE 19.19: REVENUE VARIANCE

Balance As Per FMIS \$	Balance As per MOH \$	Variance \$
1,406,194.75	1,404,458.73	1,736.02

Audit therefore, could not substantiate the accuracy of the total revenue received during the year as reflected in the financial statement.

Recommendation

The Ministry should reconcile the variances noted in the two records in order to reflect the correct revenue received during the year.

Management Comments

No comments received

³¹ Finance Instruction 2005 – Section 30 (1)

19.49 Ministry of Health's State Revenue Overstated

The Ministry of Health had collected state revenue amounting to \$1,159,155 in 2007 according to the FMIS.

Of the above, the following revenue collections not belonging to Ministry of Health were appearing under Ministry of Health FMIS records.

TABLE 19.20: EXAMPLES OVER STATED REVENUE

Details on Misallocation	Amount \$
Customs Import Duty	225,916.20
License Arms	231.00
Water Charges	82.63
Court Fines	1,276.50
Rental For Land	31,433.89
Rental for Building	76,213.81
Commission	26,307.45
Revenue from Surveys	1,800.33
Miscellaneous	54,682.24
Income Tax Personal	347,269.02
VAT	193,712.39
Total	958,925.46

Furthermore, the Ministry's accounting officers were on several occasions requested to take necessary steps to make the necessary adjustments. These were not done.

The balance of \$200,230 is in respect of other revenue such as recovery overpayment etc.

The failure of the Ministry to monitor the correct posting of revenue has led to the overstatement of state revenue.

Recommendations

- Ministry should monitor its revenue collections on a monthly basis to avoid any errors and omissions mostly through mispostings.
- The Ministry should have regularized the above posting errors as soon as advised.

Management Comments

No comments received

19.50 Non Compliance with the Finance Instructions 2005

Each Agency must include the following statements in its annual financial statements-

- c) A profit and loss statement for each trading and manufacturing activity.

e) a statement of assets and liabilities.

g) a statement of Losses

h) trust account statement ³²

The Ministry had failed to adhere to the Financial Instructions 2005 and failed to prepare and submit for audit the following statements:

- Profit and loss statement for each trading and manufacturing activity.
- Statement of assets and liabilities.
- statement of Losses
- trust account statement

Recommendation

Ministry should ensure that the Financial Instructions are adhered to at all times.

Management Comments

No comments received

19.51 Annual Report for Ministry of Health

Commencing from 2006 financial year, each annual report must include financial statements which are prepared and signed in accordance with these instructions, audited by the Auditor General and accompanied by the audit opinion provided by the Auditor General.³³

The Ministry of Health had prepared its annual report in March 2008; however the Audited Financial Statements including the Auditor General's audit opinion were missing from the report.

Audit noted that in the annual report under the finance section, the Ministry had Revenue and Expenditure balances which were not audited.

Recommendation

Ministry should ensure that the Financial Instructions are always being complied with.

Management Comments

No comments received

³² Finance Instruction 2005, Section 82(1).

³³ Financial Instructions 2005, Section 81 (2).

19.52 Failure to Submit Financial Statements before Due Date

The draft financial statements must be submitted to the Auditor General by 31 March in the following year.³⁴

The Ministry of Health had failed to submit their Agency financial statements for 2007 before the due date of 31 March 2008.

Furthermore, after several reminder letters and emails, the Ministry sent its financial statement after two on 29/5/08, which was incomplete and lack the following:

- Profit and Loss Statement for each trading and manufacturing activity;
- Statement of Losses;
- Trust Account Statement of Receipts and Expenditures.

Recommendation

Ministry should ensure that the Financial Instructions are always complied with.

Management Comments

No comments received

19.53 Trust Fund Account – Reconciliation as at 31/12/07

The following defects were noted from the review of TFA reconciliations:

1 501 PD Employees FNPF

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.

Under normal circumstances, the employee's share of (8%) is deducted at source and credited to Trust Fund Account after each pay period. The total deductions for the month is paid out to the FNPF the following month by charging various allocations under SEG 1 and SEG 2 and 50% to be charged to Trust Fund Account (employees contributions).

Therefore the balance in the Trust Fund Account as at 31/12/07 should be equal to 8% of total gross payroll for December salaries/wages which should not exceed \$600,000. As the Ministry was making monthly payments to the FNPF Board in 2007, there is no reason why the balance held in trust should be so substantial.

Recommendations

- **The Ministry should investigate as to why such a large balance is appearing in the Trust Fund Account as at 31/12/07.**

³⁴ Financial Instructions 2005, Section 81(3).

- **The Ministry should make appropriate adjustments as soon as the irregularities have been identified.**

Management Comments

No comments received

19.54 Annual Trading Account – Bulk Purchase Scheme

As highlighted in the preceding paragraph, the Ministry failed to compile a proper Annual Trading Account and submit for audit. Furthermore, examination of the Trading Account submitted revealed the following discrepancies when compared to FMIS.

Particulars	Amount As per FMIS Records \$	Amount As per Reconciliation \$	Difference \$
Cash Sale	280,550.94	481,423.31	200,872.37
Credit Sale	1,781.05	127,005.02	125,223.97
Purchases	181,686.97	404,681.41	222,994.44
Gross Profit	100,645.52	203,746.92	103,101.40
Expenses	39,170.10	78,956.12	39,786.02
Net Profit	61,475.42	124,790.80	63,315.38

Some of the discrepancies noted are substantially high thus the reliability of the reconciliation statement submitted cannot be relied on. The reconciliation statement includes a sum of \$15,260 as accounts payable however is not supported by a schedule of creditors.

It is obvious that the reconciliation statement was prepared without serious input by the Senior Accounts Officer based in Government Pharmacy. Furthermore, the statement was not checked by the Principal Accounts Officer before submission to this office.

Recommendations

- **The Principal Accountant should have exercised more care and professionalism to ensure that all necessary reconciliation submitted to the Auditor General are correct and in accordance with the Finance Instruction.**
- **The Ministry should ensure that necessary adjustment are made in the accounts and submit an amended Trading Accounts for the year ended 31/12/07.**
- **The Senior Accounts Officer based at Fiji Pharmaceutical Services should be disciplined for not carrying out his duties properly and professionally.**

Management Comments

No comments received

19.55 FNPF: Variance -2007

It is a mandatory for each Ministry/ Department to ensure that FNPF deductions are made from the personal emoluments at the rate of 8% on each dollar. Furthermore; the organizations are required to pay their share of 8% from the budgetary allocations thus resulting in a total of 16 % contributions to be paid to the FNPF Board. The monthly contribution should be paid to the Board by the end of the following month in respect of monthly deductions.

Examination of the total payment made to the Fiji National Provided Fund revealed that the figures shown on the FMIS for Established and Unestablished staff are understated. Refer to the following calculations.

Detail	Ministry of Health
<i>Established Staff</i>	
Total FNPF Paid (employer contribution)	4,848,025.03
Total As Per FMIS GL 670	4,804,835.13
Variance	\$43,189.90
<i>Unestablished Staff</i>	
Total FNPF Paid (employer contribution)	1,236,836.86
Total As Per FMIS GL 670	1,125,488.74
Variance	\$111,348.12

Audit therefore could not substantiate the accuracy of the FNPF paid since the actual payments made did not reconcile with postings in the FMIS.

Recommendation

The Department should immediately reconcile the variances noted in the two records in order to reflect the correct figure on the FMIS.

Management Comments

No comments received

19.56 VAT Reconciliation

All payments, including VAT, must be immediately recorded in the financial management information system or Expenditure Ledger.³⁵

Audit examination of VAT returns and the FMIS revealed differences.

Refer to the table below for details.

³⁵ Finance Instruction 2005 Section 20

Ministry of Health	Amount \$
VAT Output calculated by Audit	16,033,293
VAT Output under FMIS for 2007	17,923,942
Variance	1,890,649

The VAT figures under FMIS is overstated when compared to VAT figures calculated audit.

A number of discrepancies were also noted in relation to preparation of monthly VAT returns.

- There was a computation error for the month of January 2007, total output tax should have been 1,069,804.04 but was recorded instead as 1,066,636.82, thus total output tax was understated by \$3,167.22.
- Similarly, there was a computation error for the month of February, where the total output tax should have been 1,600,299.13 but was recorded instead as 1,596,837.04, thus total output tax was understated by \$3,462.09.
- The total output tax for the month of March was shown as only \$8,081.58. Audit is of the opinion that this amount is grossly understated, as Ministry's monthly average expenditure is about \$12 million and the output tax would be around \$1.3 million.
- Audit noted that VAT refunds for the month of July and August amounting to \$3,147,405 and \$4,911.43 were not captured in the FMIS.

The failure of the Ministry to carry out proper preparation of VAT returns has meant that there is ambiguity in the correct calculation of VAT to be paid and the VAT amount recorded in the FMIS.

Recommendations

- **The Ministry should ensure that vat calculations are properly carried out and that the correct amounts are entered into the FMIS system.**
- **The refund to be received by the Ministry for the months of July and August are to be properly accounted for in the FMIS records.**
- **Supervisors of officers preparing the VAT returns should properly scrutinise the VAT returns and ensure that these are accurately filled and submitted to FIRCA.**

Management Comments

No comments received

Appendix 19.1: Pending Surcharge Cases**General Administration 2007**

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	2,992,139	2,862,500
Unestablished Staff	325,300	345,423
Travel & Communication	886,897	1,141,269
Maintenance & Operations	890,793	1,116,266
Purchase of Goods & Services	1,239,800	1,198,303
Operating Grants & Transfers	4,249,892	3,799,519
Special expenditure	1,212,561	991,959
Total Operating Expenditures	11,797,382	11,455,238
Capital		
Capital Construction	---	---
Capital Purchase	120,866	143,601
Capital grants & Transfers	---	1,000,000
Total Capital Expenditures	120,866	1,143,601
Value Added Tax	952,666	1,057,884
TOTAL EXPENDITURES	12,870,914	13,656,724

Research 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	117,640	108,261
Unestablished Staff	157,627	117,458
Travel & Communication	21,746	54,707
Maintenance & Operations	42,547	41,573
Purchase of Goods & Services	100,993	127,831
Operating Grants & Transfers	---	---
Special expenditure	60,000	260,873
Total Operating Expenditures	500,553	710,703
Capital		
Capital Construction	---	---
Capital Purchase	---	---
Capital grants & Transfers	---	---
Total Capital Expenditures	---	---
Value Added Tax	80,313	121,670
TOTAL EXPENDITURES	580,866	832,373

Urban Hospitals 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	40,322,815	36,525,326
Unestablished Staff	9,721,407	8,688,300
Travel & Communication	918,207	986,657
Maintenance & Operations	3,176,704	3,234,740
Purchase of Goods & Services	8,115,389	5,795,770
Operating Grants & Transfers	---	---
Special expenditure	---	---
Total Operating Expenditures	62,254,522	55,230,793
Capital		
Capital Construction	2,862,700	1,662,780
Capital Purchase	845,613	1,334,861
Capital grants & Transfers	---	---
Total Capital Expenditures	3,708,313	2,997,641
Value Added Tax	8,553,729	7,595,673
TOTAL EXPENDITURES	74,516,564	65,824,107

Divisional Hospitals, Health Centres and Nursing Stations 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	23,884,185	22,847,526
Unestablished Staff	4,100,383	3,303,500
Travel & Communication	787,036	797,383
Maintenance & Operations	1,640,678	1,771,784
Purchase of Goods & Services	1,149,718	716,130
Operating Grants & Transfers	---	---
Special expenditure	110,000	107,501
Total Operating Expenditures	31,672,000	29,543,824
Capital		
Capital Construction	551,182	1,149,535
Capital Purchase	1,104,148	1,157,281
Capital grants & Transfers	---	---
Total Capital Expenditures	1,655,330	2,306,816
Value Added Tax	4,315,025	4,047,662
TOTAL EXPENDITURES	37,642,355	35,898,302

Public Health Service 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	1,663,251	1,940,842
Unestablished Staff	24,535	24,891
Travel & Communication	15,800	31,093
Maintenance & Operations	33,300	10,051
Purchase of Goods & Services	679,817	1,172,151
Operating Grants & Transfers	356,939	462,717
Special expenditure	573,799	480,310
Total Operating Expenditures	3,347,441	4,122,055
Capital		
Capital Construction	---	---
Capital Purchase	---	---
Capital grants & Transfers	---	---
Total Capital Expenditures	---	---
Value Added Tax	1,259,154	566,643
TOTAL EXPENDITURES	4,606,595	4,688,698

Drugs and Medical Supplies 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	612,662	560,999
Unestablished Staff	343,100	277,317
Travel & Communication	60,231	67,736
Maintenance & Operations	119,235	172,109
Purchase of Goods & Services	10,386,091	13,071,006
Operating Grants & Transfers	---	---
Special expenditure	---	---
Total Operating Expenditures	11,521,319	14,149,167
Capital		
Capital Construction	---	---
Capital Purchase	---	---
Capital grants & Transfers	---	---
Total Capital Expenditures	---	---
Value Added Tax	2,045,187	2,315,731
TOTAL EXPENDITURES	13,566,506	37,264,898

Hospital and Support Service 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	97,400	96,600
Unestablished Staff	476,700	536,020
Travel & Communication	10,000	16,568
Maintenance & Operations	2,202,299	2,360,723
Purchase of Goods & Services	7,500	7,731
Operating Grants & Transfers	---	---
Special expenditure	---	---
Total Operating Expenditures	2,793,899	3,017,642
Capital		
Capital Construction	---	---
Capital Purchase	---	---
Capital grants & Transfers	---	---
Total Capital Expenditures	---	---
Value Added Tax	324,086	318,467
TOTAL EXPENDITURES	3,117,985	3,336,109

Fiji School of Nursing 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	1,433,160	1,713,799
Unestablished Staff	573,010	473,053
Travel & Communication	38,065	42,022
Maintenance & Operations	261,552	195,716
Purchase of Goods & Services	525,000	465,421
Operating Grants & Transfers	---	---
Special expenditure	40,000	37,013
Total Operating Expenditures	2,870,787	2,927,024
Capital		
Capital Construction	---	89,601
Capital Purchase	---	---
Capital grants & Transfers	---	---
Total Capital Expenditures	---	89,601
Value Added Tax	308,650	364,882
TOTAL EXPENDITURES	3,179,437	3,381,507

Old People's Home 2007

Description	2007 \$	2006 \$
EXPENDITURES		
Operating		
Established Staff	79,201	69,119
Unestablished Staff	429,753	412,690
Travel & Communication	5,820	5,003
Maintenance & Operations	49,800	49,685
Purchase of Goods & Services	66,200	51,755
Operating Grants & Transfers	---	---
Special expenditure	---	---
Total Operating Expenditures	630,774	588,252
Capital		
Capital Construction	---	---
Capital Purchase	---	---
Capital grants & Transfers	---	---
Total Capital Expenditures	---	---
Value Added Tax	85,132	65,940
TOTAL EXPENDITURES	715,906	654,192

Appendix 19.2: Overpayment of Salary on Resignations

Name	EDP #	Division	Amount \$	Comment
Jyotika Devi	62271	Ba Hospital	937.61	30 days short notice.
Shaleen Chand	32812	CWM Hospital	1,710.11	Advise on resignation – Late submission from CEHS.
Rehana Ali	34053	Vunisea Hospital	5,989.33	Deemed to have resigned w.e.f. 22/02/07.
Prem Chand	46704	Lautoka Hospital	383.13	Deemed to have resigned w.e.f. 20/02/07.
Mere Tataka	31246	Lautoka Hospital	181.48	Short notice resignation w.e.f. 08/03/07
Duraga Naidu	33240	Ba Hospital	1,174.12	30 days short notice.
Sakina Mohammed	9618	CWM Hospital	712.88	Short notice of resignation and late cession of salary.
Ldua Bornmon	63787	FSN	845.20	Short notice of resignation and late cession of salary.
Mereseini Joritani	64488	FSN	798.25	Short notice of resignation and late cession of salary.
Dhirendra Lal	46907	Sigatoka Hospital	606.62	Short notice of resignation and late cession of salary.
Shyauli	33597	Lautoka Hospital	1,156.48	30 days short notice.
Saleshni Prasad	60326	Nadi Hospital	17.70	Deemed resignation w.e.f. 10/07/07.
Asena Taga	33959	Nabouwalu Hospital	1,077.82	Deemed resignation w.e.f. 01/07/07
Josaia Maka	45652	CWM Hospital	3,980.84	Deemed resignation w.e.f. 20/08/07.
Devika Chand	58001	St. Giles Hospital	899.00	Resigned w.e.f. 29/09/07.
Aniniasi Tarui	60832	Nadi	548.75	Deemed to have resigned w.e.f. 12/09/07. Absent from work.
Laisani Sikivou	53984	NCHP	866.43	Deemed to have resigned w.e.f. 20/07/07. unauthorised leave for more than 7 days.
Luseyare Ligabalau	18899	Head Office	654.41	Overpayment upon resignation.
Lenikeli K. Rafaele	32496	CWM Hospital	3,501.28	Addition of overpayment balance and short notice of 30 days. Deemed resignation w.e.f. 07/09/07.
Brandon Brandly	61267	CWM Hospital	519.53	Short notice of 30 days.
Total			26,560.97	

Appendix 19.3: Disciplinary Cases - No action Taken.

EDP #/ LPO	Name	Substantive Post	Irregularities	Action taken	Audit check in 2008	Current post
64359	Naushad Buksh	Clerical Officer at Health -HQ	Forging quotations and fraudulently assisting associate companies with \$38,442 worth of procurements	Officer reassigned from FPS to HQ	No recovery made for losses and no disciplinary action taken against the officer.	Clerical officer at Health-HQ
45858	Matai Matakitoga	General Manager Corporate Service	Authorised \$54,661 to J.J Roedan Ace and \$4000, to SDA youths without any authority. Split LPOs worth whilst repairing a Dental Caravan GM 385 at Marine Motors for \$11,890	No action taken to date Surcharge was recommended	No action taken to date. No action taken to date.	Officer had resigned from the Ministry in 2008.
LPO #: 48374 8/18/2006	Health Staff		Paid Raiwaqa Buses Limited for cost for hiring of 60 seater bus for taking Ministry Choir for the Methodist Church Annual Conference from Suva/Nausori/Suva wef 18/8/06 for \$250.	<i>We agree to recover the cost of the bus from Committee members responsible for this social event.</i>	No evidence of recovery.	
LPO #: 36150 10/28/2005	Health Staff		Paid Siteri's Catering Services for cost of providing: Catering Services for Ministry of Health's Sports Day. (Dinner on 29/10/05 for 700 people x \$7.50 & Lunch for 400 people x \$7.50) = \$8250 X 50% = \$4125.	<i>We agree to recover money expended from those officers responsible.</i>	No evidence of recovery.	
LPO #: 36150 10/28/2005	Health Staff		Paid Siteri's Catering Services for MOH Sports Day.(2x\$245.00)	<i>We agree to recover money expended from those officers responsible.</i>	No evidence of recovery.	

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EDP #/ LPO	Name	Substantive Post	Irregularities	Action taken	Audit check in 2008	Current post
LPO #: 40177 16/2/2006	Health Staff		Paid Life Insurance Corporation of India for damages to the partitions in the staircase of LICI Building during central/eastern health services renting of the premises. The loss was \$480.	Further investigation will be conducted to determine as to why PSC was not advised and the cost of repairs to be met from "Office Accommodation" vote. Officers found responsible will be surcharged as recommended.	No investigation was conducted and no officer was surcharged.	
LPO #: 30728 11/8/2005	Health Staff		Paid Lolas Store for cost of providing lawyers legal court uniform for legal officers of Ministry of Health. The cost incurred was \$685.	We agree that the amount is to be recovered from the officer's salary we will communicate with your office further on this.	No action taken	
14623	Gyan Prakash (officer authorized the repairs at Jeral Auto Service	Senior Health Inspector	Three 3 Leco (mosquito spraying) machines used by Health Officers were taken to Jeral Auto Services on 2/11/06 for repairs. ³⁶ The company was paid \$2,700 on 20/12/06 but it was revealed that none of the three machines have been repaired to date. Jeral Auto Services ceased operations in early 2007.	<i>Your comments are noted. The Ministry's Disciplinary Committee has examined the issues raised with a view of taking disciplinary action against the officers responsible.</i>	No action taken	
	Pharmacists at the Labasa Hospital		The non adherence to the cold chain policy and lack of awareness of the policy resulted in the damages to the vaccines totaling \$39,272.52, thus wastage of public	<i>We agree to further query officers on duty during that particular Sunday to determine whether the damages could</i>	No action taken	

³⁶ LPO number 51716

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EDP #/ LPO	Name	Substantive Post	Irregularities	Action taken	Audit check in 2008	Current post
			funds.	<i>have been avoided and not due to "negligence of duty". Should it be proven, as "negligence" appropriate disciplinary action will be taken against those responsible.</i>		
18901	Penina Cirikiyasawa	Principal Admin Officer	-Failed to enter into a contract with Falekau South Pacific Limited. -Advance payments of \$100,000 were made with the first \$60,000 on 13/01/05 and \$40,000 on 27/09/05.	Management said they would further investigate to determine the officers responsible for the advance payment and take appropriate disciplinary action.	No action taken to date.	Resigned from the Ministry in 2008.
	Tamavua Garage Mechanics		As reported in the 2006 audit report, some vehicles parts had gone missing whilst taken for repairs at private garages, refer below for details: GN132 was repaired at Shika Motors where it was discovered that \$4,414.75 worth parts were missing. GL064 was parked at Marine Motors and upon dismantling at the Tamavua garage it was discovered that parts were missing. CO362 had parts missing when take to Shika Motors for	<i>Your comments are noted. This will be covered under the full Investigation to be conducted. Officers found negligent and who were responsible for the "losses" will be disciplined.</i>	No investigation was conducted.	

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EDP #/ LPO	Name	Substantive Post	Irregularities	Action taken	Audit check in 2008	Current post
			repairs.			
	Tamavua Garage Mechanics		The 2006 audit report highlighted cases of cannibalizations of vehicle parts.	<i>Your comments are noted. This will be covered under the full Investigation to be conducted. Officers found responsible for the alleged cannibalization of motor parts will be disciplined.</i>	No investigation was conducted.	
			Audit noted that \$9,079.00 worth of tools and machines were missing from the Garage.	<i>Your comments are noted. We will keep your office updated once a Board of Survey is completed and appropriate action taken on all missing tools mentioned.</i>	No board of survey carried out at the Tamavua Garage and no one was held responsible for the missing tools worth \$9,079.00, as audit again verified that the tools remained unaccounted for in march, 2008.	

Appendix 19.4: Non Compliance with Health Finance Manual.

Criteria	Officer Responsible	Status
2.1.5. The <i>Senior Manager Finance</i> must maintain a Virement Register, which should contain the following information: i. the serial number; ii. the budgetary allocation to which and from which the transfer of funds is being made; iii. the amount transferred and the revised amounts of the budget allocations; iv. the date of approval.	Roneel	Kept in System, however, (ii) & (iii) not stated in records.
2.8.13 Each month, the Senior Manager Finance must provide a signed and dated report to the Chief Executive Officer to advise: (a) Whether all reconciliations and checks required in the agency's Finance Manual have been carried out; and (b) the current status of any unresolved external or internal audit issues.	Mrs Sauroutu	Not carrying out the task
4.5.1. The salaries officer must record the distributed cheques in a cheque distribution register that shall include the following details: i. date of distribution; ii. amount distributed and to which location (including registered mail number); iii. cheque number and name of payee.	Makereta c/- Salaries Department	Carried out. However, (i) date not recorded (ii) Registered mail number not noted.
5.6.1. The Accounting Head shall maintain a revenue collectors' chart to monitor the regularity of revenue lodged by the revenue collectors. 5.6.2. The chart will outline the following information: i. name & designation of each revenue collector; ii. the station where each revenue collector is based; iii. frequency of revenue submissions made to head office; iv. frequency of lodgments made to the bank.	Sangeeta	Maintained station ways. (i), (iii) & (iv) not noted in chart.
7.1.4. The safe keeper shall maintain a safe register which should contain the following information: i. date and amount of cash/cheques deposited into or withdrawn from the safe; ii. type of cash deposited, whether petty cash or revenue collection; iii. date, cheque numbers and value of cheques in the safe;	cashier	None maintained.

Criteria	Officer Responsible	Status
iv. other valuables such as unused or partly-used receipt books or cheque books and their serial numbers.		
7.3.14. The petty cash officer shall enter details of payments made into the cashbook and attach duplicate vouchers.	Kesa	Done, duplicate vouchers maintained by Kesa but not attached in the cashbook.
10.1.7. The accounts officer must also record the travel advance in the debtors register in accordance with Part 9 of the Manual.	Ilaitia	No, not recorded.
11.1.1. All assets acquired with a cost in excess of \$2000, shall be recorded in a fixed assets register.	Mrs Sauroutu	No register available
11.2.2. The Manager General Services / Manager Personnel shall ensure that items valued at less than \$2000 but more than \$200 is recorded in an expendable items register. The register shall contain the following information: i. date of purchase (including if it was acquired by transfer, gift or second-hand); ii. purchase reference number; iii. description of items and quantity; iv. disposal method (whether written off, sold, etc.) and reference number.	Roneel	No register.
12.3.14. The accounts officer shall enter details of the fuel order forms into a fuel order register. Once the fuel charges advice has been submitted by the Public Works Ministry, the cost shall be entered into the register against the relevant entry.	Samu	Not maintained.
13.2.1. A separate register shall be kept for annual leave for each employee. The register shall record: i. dates and number of leave days taken; ii. the date leave becomes due; iii. balance of accumulated leave.	HRM section	Not maintained.
13.4.1. The Accounting Head shall maintain a register of contingent liabilities in accordance with Finance Instruction 64-(1).	Mrs Sauroutu	Not kept
14.1.1. A copy of the loss report must be submitted to the Manager Finance who shall record details of each loss in the Losses Register.	Mrs Sauroutu	Not kept
15.3.1. The trust officer shall keep a trust ledger to record movement of trust money. The ledger shall record the following information: i. name of trust account;	Ilitia	Pending for 2007. The date of points; ii and iii not in the ledger.

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Criteria	Officer Responsible	Status
<ul style="list-style-type: none"> ii. date and amount of receipts and payee; iii. date, amount paid and payer including reference number; iv. balance to date. 		
15.4.1. Within 5 days after the end of each month, the trust officer shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.	Ilitia	Not done. All the months' reconciliation was done right at the end of the year – Dec 07 and in early 2008.
15.4.5. Each year the trust officer shall prepare an annual trust receipts & payments statement within two weeks of the end of the year.	Ilitia	Never practiced
16.1.1. A journal voucher register must be maintained by the Accounting Head or accounts supervisor to record all journal vouchers raised during the year. The register shall provide the following information: <ul style="list-style-type: none"> i. date and voucher number; ii. purpose of raising voucher; iii. amount on voucher; iv. account codes debited or credited. 	Bijen	Done but not updated. Records only up to 20th August 2007.
17.1.5. Within 1 week of the end of each month, the Accounting Head shall submit to the Deputy CEO the internal control report. 17.1.6. The report shall provide the following information; <ul style="list-style-type: none"> vi. whether all reconciliations are up to date; vii. whether financial information required by the Ministry of Finance has been submitted on time; viii. whether stock takes of physical assets, inventory and money have been carried out as and when required; ix. the status of unresolved audit issues; x. improvements in internal control, such as rotation of duties between staff, that have been implemented or are proposed. 	Mrs Sauroutu	Not carrying out task
17.3.1. The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Finance. These reports include: <ul style="list-style-type: none"> i. weekly & monthly cash flow forecasts; ii. monthly drawings reconciliation statements; iii. monthly expenditure & commitment reports; iv. revolving fund, inter-departmental 	Idrish	Not done

Criteria	Officer Responsible	Status
clearance and cash clearance reports; v. quarterly TMA performance reports; vi. quarterly overdue debt reports; vii. quarterly write-off reports; viii. quarterly vehicle reports		

Appendix 19.5: Failure to Carry Out Specified Duties

Area	Unaccomplished Task	Status	Officer Responsible	Supervising Officer
RFA-Miscellaneous	No reconciliation from January 2007	Submitted up to January 2007	Ilaitia Q	Idrish Khan
MOH sponsored Students	No 2004-2005 cost report. Incomplete training register.	Not submitted to audit Incomplete records	Peni Tikoca	Emele Wara
Motor Vehicle	BOS report for written off vehicle	Not submitted to audit	Alipate Gonerogo	Emele Wara
Absenteeism Return	Non submission from respective stations to HQ	Report incomplete	Adi Litia Komaisavai	Jokatama Ravono/Emele Wara
Quarters Report	Quarters under repair/renovation	Report incomplete	Adi Litia Komaisavai	Jokatama Ravono/Emele Wara
Updating of Leave Schedule	Leave schedule for expatriate doctors and nurses not updated/medical officers	Incomplete	Luisa Vulaono/Aliti Tuimalo	Losana Ugavule/Adi Litia Komaisavai/Jokatama Ravono
Trust Fund Ledgers	Updated ledgers not provided	2007 updates not provided	Ilaitia Q	Idrish Khan
Wages Reconciliation	2005 – 2007 reconciliation for HQ was not prepared	Not submitted to audit	Tres	Laisa
Salaries Reconciliation	Pay 25 and 26 reconciliation for 2007 not done	Not submitted to audit	No one in charge for the year	Laisa
Annual Board Of Survey	Last board of survey in 2004	Not submitted to audit	Ilisoni Tokalaulevu	Idrish Khan

Appendix 19.6: Summary of Payments Made To the Private Garages: 2005 To 2007

Vendor Name	Agent	Date of Payment Span	Amount \$
Aarkay Motors Limited		February 2005 to July 2007	36,316.98
Professional Brothers		July 2006 to November 2007	8,771.50
Avondale Motors Fiji Ltd		May 2005 to October 2007	6,520.00
Kritika' Motor Repairs		September 2006 to December 2007	32,251.46
Jhokesh Motors		February 2007 to September 2007	21,675
S K Davey Ltd		January 2007 to August 2007	12,344.29
Jeral Auto services		July 2005 to December 2006	41,591.34
Carpenters Motors	Nissan	March 2005 to November 2007	27,341.77
Shika Motors Repair		November 2005 to November 2007	84,795
Dynamo Electric Company		January 2005 to December 2007	32,560.87
Titus Motors		May 2006 to October 2007	108,441.00
Marine Motors		April 2005 to December 2007	212,159.18

Vendor Name	Agent	Date of Payment Span	Amount \$
Niranjans	Mazda	January 2005 to December 2007	133,925.15
Asco Motors	Toyota	December 2005 to December 2007	181,429.21
Nivis Motors	Mitsubishi	January 2005 to December 2007	179,265.88
Total			1,119,388.63

Appendix 19.7: Repetition of Repairs on Ministry Vehicles

Vehicle Number	Invoice	LPO	Company	Particulars	Date	Amount \$	Audit comments
GM563	89224	50182	Titus Motors	Please carryout mechanical repairs and undercarriage for Navua Hospital vehicle GM563	18/10/2006	\$6,326.00	It was noted that within one year, there was body work and mechanical repairs carried out again for this vehicle and would only be done if the previous repairs were not carried out properly.
	120718	61688	Titus Motors	To carry out mechanical repairs and body work for Serua/Namosi Subdivision vehicle for GM563.	25/10/2007	\$4,670.44	
GM004	37847	29190	Dynamo Electric Company	Checking and Repairs of electrical system for vehicle # GM109	11/05/2005	\$156	It was noted that Dynamo Electric Company was repairing the electrical faults on GM004 on a number of occasions and the authenticity of the repairs was questionable and charges were exorbitant.
	59183	38207	Dynamo Electric Company	Payment for electricity work carried out for vehicle # GM109	05/12/2005	\$320	
	63074	38821	Dynamo Electric Company	Checking and Repairing Electricity Faults for vehicles # GM004, GM127, GM109 and GM296	17/01/2006	\$268	
	69083	42097	Dynamo Electric Company	Repair of Electricity Faulty for the vehicle # GM004	27/03/2006	312.75	
	73780	44070	Dynamo Electric Company	Charges for Checking Electrical System of vehicle # GM109 which engine did not respond due to faulty	18/05/2006	\$326	
	75957	45342	Dynamo Electric Company	Repair of Electrical work for vehicle # GM296 and GM109 which was not able to start due to power failure.	15/06/2006	\$477	
	78005	46105	Dynamo Electric Company	Repair of Electrical work for vehicle # GM004 which was not able to start due to power failure	30/06/2006	\$326	
	98301	54447	Dynamo Electric Company	Repair of Electrical Fault for vehicle # GM109 as per invoice # 0376	24/01/2007	\$318	
GN268	113887	62831	Marine Motors	Please repair of engine, replacement of mechanical parts for CWMH ambulance GN268.	14/08/2007	\$4,200	This vehicle's engine was repaired twice within 6 months and exorbitant costs charged.
	128659	69325	Marine Motors	Repair of Ambulance engine.	07/02/2008	\$4,580	

Vehicle Number	Invoice	LPO	Company	Particulars	Date	Amount \$	Audit comments
GM295	93144	52181	Marine Motors	Being cost of providing: General Body Work for Vehicle No. GM295 used by HQ.	23/11/2006	\$3,800	This vehicle was repaired for body work etc every year and it raises serious doubts of the quality of repairs and its authenticity.
	99188	54813	Marine Motors	Being cost of providing general mechanical and maintenance to GM295.	08/02/2007	\$2,319.79	
			Titus Motors	Repair of under carriage and chassis welding .	04/09/2008	\$1,260.00	
GN173	97439	52284	Jeral Auto Service	Being cost of providing: Repairing & General Servicing & Towing charges from Verata/Nausori Police Station to Suva (Garage) of Vehicle No. GN173.	28/12/2006	\$ 5,529.38	This vehicle had an accident and was repaired first at Jeral Auto Service and then at Jhokesh Motors which costed over \$9,969.38 for the accident.
	105068	57937	Jhokhas Motors	Cost for general repair and service for vehicle GN173.	03/05/2007	\$4,440	

Appendix 19.8: Issues of LPOs for Additional Repair Works.

Vehicle Number	Invoice	LPO	Company	Particulars	Date	Amount \$	Audit Comments
GL842	114887	61658	Shika Motors	For the repair of CWMH vehicle No: GL842.	23/08/2007	\$2,866.00	This vehicle was initially send to Sihka motors for repair with LPO 61658 issued and whistled at the garage, LPO 64502 was issued.
	117516	64502	Shika Motors	Repairing of vehicle # GL842.	21/09/2007	\$854.80	
GM840	85274	48573	Titus Motors	Please install a second hand engine and engine accessories for Levuka Hospital Ambulance Replace second hand TD27 engine and gear mounting and other mechanical work.	09/09/2006	\$8,987.00	LPO 48573 was issued for installing the second hand engine at Titus Motors; another LPO 49293 was issued for further work.
	87845	49293	Titus Motors	Please provide general painting, undercarriage, repairs, upholstery and all electrical works for Levuka Hospital Ambulance registered GM840.	06/10/2006	\$8,897.00	
GM 549	74912	43658	Marine Motors	Being cost of providing: Repairing of Vehicle No. GM549	02/06/2006	\$4,250.00	LPO 43658 was issued initially but whilst work continued at Marine Motors another LPO 46957 was issued.
	82285	46957	Marine Motors	Being cost of providing: General repairing of Vehicle No. GM549.	09/08/2006	\$4,875.00	
GM296	125634	67522	Kritika Motors	Being charges for engine overhaul, removal & replacement of engine, remove & service fuel pump injectors for CWMH vehicle GM296.	11/12/2007	\$3,037.50	This vehicle was at Kritika Motors from November 2007 to 9/1/08. (this is when the two LPOs were issued).
	127606	68583	Kritika Motors	Maintenance and mechanical repair for CWMH vehicle GM296.	15/1/08	\$3,334.84	

Vehicle Number	Invoice	LPO	Company	Particulars	Date	Amount \$	Audit Comments
GL064	111851	61202	Jhokesh Motors	Cost for general body works and mechanical repairs on GL064 ambulance.	19/07/2007	\$7,976.00	The Initial LPO 61202 was issued for repairs and then another LPO 64582 was issued whilst the GL064 was still at Jhokesh Motors for the first repairs.
	1118483	64582	Jhokesh Motors	Cost for general maintenance and electrical work for GL064.	28/09/2007	\$1,800.00	

Appendix 19.9: Items Out of Stock as at 31/12/07

Item No.	Description	Minimum Stock Level
Appliance		
00713	Electrode Chest Infant 31118733	3,251
00824	Tourniquet Adult	159
00870	Warming Blood Infusion Coil	20
01155	Forceps Artery Plain"	63
01158	Urinal Male	12
01203	Urine Collectors Paediatric Sterile 100ml	821
Consumable		
00171	Keto-Diastix Strips Bottle of 100 Strips	459
00322	Uristix Strips 100	1,727
00640	Bag Clostomy 30mm hole diameter, size 140 *210m	581
00650	Blade surgical Scaple No.11 sterile individually wrapp	6,836
00670	Cannula Umbical 6ft *35cm, Sterile individually wrapp	312
00672	Catheter Foley Silicon treated 14FG, Sterile,Individually wra	1,628
00673	Catheter Foley Silicon treated 16FG, Sterile,Individually wra	1,899
00675	Catheter Foley Silicon treated 20FG, Sterile,Individually wra	846
00680	Catheter Peritoneal Dialysis Set, Adult (Tenckhoff)	26
00685	Catheter Suction Sterile PVC 16FG fingertip control	1,374
00687	Catheter Suction Sterile PVC 20FG fingertip control	20
00690	Catheter Urinary OD 1.32mm, Sterile, (Ureteric Blue..	14
00691	Catheter Urinary OD 1.32mm, Sterile, (Ureteric Red..	6
00695	Catheter Urinary OD 2.00mm, Sterile, (Ureteric Blue..	9
00697	Catheter Urinary OD 2.00mm, Sterile, (Ureteric Red..	12
00701	Connector Polythene Straight ID 4.5mm OD 6mm	30
00723	Gloves Disposable Examination, Latex, Amidextrous,	4,355
00748	Needle scalpein set 23G *19mm	2,390
00777	Spigot catheters Large	65
00785	Suture Silk 2/0 45cm, 24mm rev cut half circle Needle	242
00791	Suture Catgut Chromic 4/0 75cm,20mm taper pt half	243
00793	Suture Catgut Chromic 3/0 75cm,26mm taper pt half	245
00804	Suture Nylon Monofilament 11m, 40mm Rev Cut 3/8	51
00837	Tube Feeding infant 8FG	2,024
00844	Tube Levin D/Ryles (Duodenal Catheter) 8FG	111
00846	Tube Levin D/Ryles (Duodenal Catheter) 10FG	17
00856	Tubing sheeting drainage corrugated 250*30mm radia..	100
00882	Y Irrigation Set	5
00886	Cord Clamps Umbilical Sterile	10,316
00899	Gloves Surgical Sterile Latex Size 7, pair	28,328
00909	Suture Chromic Gut 1 75cm 40mm Taper Paoint Half	191
Dressing		
00247	Plastic Spray bandage 100g Leuko Spray Dressing	75

Item No.	Description	Minimum Stock Level
00453	Gauze Absorbent BP 90cm*100m 40*40 19*15	831
00463	Hypoallergenic microporous tape 5cm * 9m	11,103
Drugs		
00329	Vitamin K(1) inj 1mg/1ml	10,000
00001	Acetazolamide Tablets 250mg	20,051
00028	Benzoyl Benzoate Lotion 25%	8,210
00031	Benzotropine Tablets 2mg	1,271
00033	Betamethasone-Neomycin Eye Ointment 0.1 %/0.5%	918
00039	Busulphan Tablets 2mg	563
00050	Ceftriaxone Injection 250mg	2,912
00054	Chlorhexidine Gluconate Solution 20% w/v (4.5L)	16
00055	Chlorhexidine Gluconate Cream 1% 500ml Bottle	477
00058	Chlorhexidine Cetrimide Solution 1.5/15% 500ml	4,416
00059	Chlorambucil Tablets 5mg	25
00067	Chlorpromazine Tablets 50mg	18,000
00088	Dexamethasone Tablets 500mcg	4365
00090	Diazepam Tablets 5mg	384,000
00093	Digoxin Elixir 50mcg	47
00105	Econazole Cream 1%	7,338
00115	Ethambutol Tablets 400mg	13,020
00118	Ethosuximide Capsules 250mg	1,500
00123	Ferrous Gluconate Elixir 200mg/5ml	470
000131	Folinic Acid Injection 3mg/ml	54
00141	Folinic Acid Injection 3mg/ml	15
00209	Glyceryl Trinitrate Ointment 0.5%	14,334
00227	Paraldehyde Injection	455
00230	Pencillin Procaine Injection 4 megaunit	75,371
00232	Pencillin V syrup 125mg/5ml	5,226
00234	Pethidine Injection 100mg/2ml	4,826
00238	Phenobarbitone Tablets 60mg	26,150
00244	Piperacillin Injection 1g	227
00262	Prilocaine Injection 4% Cartridge Vial	105
00263	Primidone Tablets 250mg	6,710
00277	Pyridoxine Tablets 25mg	11,750
00294	Sodium Chloride Injection 0.9% Ampule/20ml	1,107
00304	Tamoxifen Tablets 20mg	14,465
00310	Thiamine HC1 Tablets 100mg	1,000
00311	Thiamine HC1 inj 100mg/2ml	165
00314	Thioridazine Tablets 100mg	43,050
00315	Thyroxine Tablets 100mcg	74,000
00316	Thyroxine Tablets 50mcg	88,000
00324	Vecuronium Injection 10mg	1,055
00326	Verapamil Tablets 40mg	27,500
00335	Water for inj 100mls	2,183
00340	Phenylephrine eye drop 10%	45
00352	Arabinocide-C (Cytarabine) Injection 100mg	32
00356	Potassium Chloride (sugar free) Mixture 5mmol/5ml	17
00381	Fluphenazine Tablets 5mg	10,600
00396	Bismuth in Iodoform Paste (BIPP) ointment 50mg	160
00397	Trimethoprim	146,400
00399	Trimethoprim Suspension 50mg/5ml	25
00413	Paracetamol Suppository 500mg	2,862
00417	Ipratropium Bromide solution 0.025%	461
00419	Sodium Chloride Injection 20%	113
00840	Tubes Kehrs Drainage 10FG	5

Item No.	Description	Minimum Stock Level
01185	Compound Tragacanth Pulv BP 100g (Tragacanth 15g)	36
01872	Zidovudine Syrup 50mg/5ml	2
02110	Vinblastine Injection 10mg	8
32629	Vitamine A (RETINOL)) 200,000 I.U Capsules (USP)	1,500
00135	Fusidic Tablets 250mg	161
00188	Melphalan Tablets 5mg	188
X-Rays		
01335	Envelopes X-Rays Brown Kraft 125gsm 14.5 x 7	2219
01342	Ultrasound Gel 500ml	275
01345	Film Single sided emulsion CT Scanner 11" x 1	20
01353	Dark Room Safe Lights	8
01388	X-Ray Cassettes with screens (curix) 30 x 40cm	0
01405	Chemical X-Ray Developer G150 4 LITRE	0
01408	Chemical X-Ray Fixer G354 2.5 Litre	0
01442	Sodium and Meglumine Diatrizoate Infusion Injection	80
32479	Thermal Paper (Sony Superior Density Printing	17
32581	CT Syringe 200mls	250

Appendix 19.10: Meal Claims and Overtime Paid to Health Inspectors by the Ministry

Name	Meal Claims 2006 \$	Meal Claims 2007 \$	Overtime Claims 2006 \$	Overtime Claims 2007 \$	Total \$
Saula Matarawa	815	765	5,877	2,390	9,847
Petero V L	687	761	5,410	2,950	9,808
Nicky Prasad	374	477	2,970	4,302	8,123
Penioni Matadigo	639	612	4,248	4,599	10,098
Alumeci Vularika	855	1,032	6,309	6,347	14,543
Henry Hae Sokraa	879	908	7,292	4,933	14,012
Aminiasi Tavui	801	525	2,530	6,817	10,673
Railala Vakaloloma Nakabe	768	395	6,347	2,359	9,869
Vakaruru C Vatukela	726	908	6,717	1,277	9,628
Rakesh Chandra	402	4,820	3,404	3,568	12,194
Poasa Tuinakelo	817	---	6,091	---	6,908
Sangeeta Mala	30	363	1,024	2,355	3,772
Wilson Singh	443	362	4,118	2,359	7,282
Sofaia Tatatau	421	809	3,540	6,766	11,536
Total	8,657	12,737	65,877	51,022	138,293

