



ACCOUNTABILITY IN THE PUBLIC SECTOR
THROUGH QUALITY AUDIT SERVICES

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

Volume 4 Audit Report on Government Ministries and Departments - 2008



PARLIAMENTARY PAPER NO 13 OF 2014



ACCOUNTABILITY IN THE PUBLIC SECTOR
THROUGH QUALITY AUDIT SERVICES

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

**VOLUME 4 AUDIT REPORT ON GOVERNMENT MINISTRIES
AND DEPARTMENTS - 2008**



OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P.O.Box 2214, Government Buildings
Suva, Fiji



Telephone: (679) 330 9032
Fax: (679) 330 3812
Email: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



File: 102

30 September 2009

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

Dear Commodore Bainimarama

AUDIT REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 – VOLUME 4

In accordance with section 7 (7) of the State Services Decree 2009, I am pleased to transmit to you my audit report on the Government of the Republic of Fiji Islands for the year ended 31 December 2008.

Tevita Bolanavanua
AUDITOR-GENERAL



FOREWORD

This report covers the audit of the 2008 Accounts and Finances of the Fiji Government and its 26 ministries and departments as provided in the Appropriation Promulgation.

The purposes of this report are to:

- report on the audit of the Whole of Government financial statements covered under volume 1 of the report;
- report on the audit of financial statements of ministries and departments covered under volume 2-4 of the report;
- report on the results of, and matters arising from, our 2008 audits of ministries and departments also covered under volume 2-4; and
- raise other matters that we believe warrant consideration by Cabinet.

The 2008 accounts were prepared under the cash basis of accounting with the use of the FMIS software called SSA Global. FMIS covers the computerization of public expenditure, management process, especially procurement and accounting. As reported in 2007 the financial statements of government, ministries and departments, which are essential outputs of the system, are still to be produced by the system as they were not included in the original scope of works in the development of the FMIS.

The preparation of the 2008 accounts was again affected by insufficient and lack of competent manpower and support from ministries and departments. The Ministry of Finance like all ministries and departments also continued to face high staff turnover and staff reshuffles which contributed to a lot of deficiencies in the preparation of the accounts.

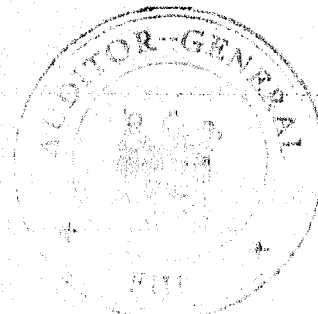
The Ministry of Transport, Works and Energy and the Ministry of Health continue to use their own software ACCPAC and EPICOR systems after which records are uploaded to the FMIS on a regular interval. However our audit has noted that when uploading to FMIS only the end-balances and not all the details are uploaded.

All ministries and departments submitted their 2008 accounts for audit except for the Office of the Ombudsman which closed after the abrogation of the constitution. All audits were issued qualified audit opinions. The qualifications include: consolidation of accounts of ministries and departments, as required under the Appropriation Promulgation; the inability to determine the accuracy of the statement of output costs; the failure to provide statements of losses and trust accounts of receipts and payments; and the lack of reconciliations.

The issues qualified above were the same as those highlighted in 2007 but at a lesser extent as some ministries and departments had shown some improvement. There however remains a lot of work to improve the requirements of all stakeholders.



Tevita Bolanavanua
AUDITOR-GENERAL



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 2008 has been audited in accordance with section 5 of the State Service Decree No. 6, 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 that Income Tax, VAT and Hotel Turnover Tax totalling \$911.6 million (51% 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;

Other matters of concern are as follows:

- a) An amount of \$10.6 million in respect of trust moneys shown in Schedule 1 – Statement of Assets and Expenditure of the Whole of Government Financial Statements is not appropriately supported by cash at bank. The trust moneys are also not kept in a separate bank account.
- b) A prior year's adjustment of \$4.2 million in the Consolidated Fund Statement of receipts and payments could not be verified.
- c) Ministries/departments failed to submit their reconciliations to Ministry of Finance, despite being sent numerous reminders. Moreover, reconciliation for RFA - Miscellaneous, namely, Accounts Payable and Accrued Expenses were not submitted to the Ministry of Finance at all. As such these account balances totalling \$1.2 million and \$1.6 million respectively were unsubstantiated.
- d) A Capital loss of \$4.4 millions was incurred when 4 TMA operations were written off. These are Gravel Washing Plant, Cane Trucks, Republic of Fiji Military Forces (RFMF) Air Wing and Marine Shipbuilding TMA.
- e) Debts owed to Government totalling \$9.5 million was not recorded in the Lending Fund Account of which \$4.6 million was advanced to Rewa Rice Ltd and \$4.9 million was the guarantor payment on behalf of Fiji Electricity Authority and Fiji Sugar Cane Growers Council.
- f) Bank account balances totalling \$1.3 million for Overseas Missions and Agencies have not been reconciled nor confirmed by the relevant overseas banks.
- g) TMA Credit sales of \$12.5 million have been taken as receipts in the Accounts and Finance despite reporting done on cash-basis of accounting. Balancing accounting entries to the Equity of Government's TMA have been made to produce a balanced balance sheet. As such the balances totalling \$22.7 million could not be substantiated.
- h) Account balances totalling to \$64.9m in the clearing account for domestic and overseas loans appearing under the revolving fund account are outstanding. Furthermore, other clearing accounts in the Operating Fund totalling \$73.8 million also remained outstanding.
- i) Drawings account has been reduced with unexplained debit balances totalling \$16.7 million.

The following is a summary of the audit observations.

2008 Accounts and Finance***Cash at Bank***

Unpresented cheques have declined significantly from \$73.6 million in 2007 to \$59.6 million in 2008. The decrease in unpresented cheques at year end is primarily attributed to debits balances in Customs, Ministry of Health, Fiji Police Force and Water Supplies accounts totalling \$16.7 million.

Cash balances with Agencies Overseas have increased significantly from \$52.9 million in 2007 to \$121.3 million in 2008. The continuing increase is mainly attributed to the transfer of \$50 million from the Consolidated Fund Account to JP Morgan account during the year.

Agencies overseas having balances of \$1.3 million were not supported with cash and bank certificates.

Investment

Government's total investments held in 30 companies in 2008 was \$440.3 million, an increase of \$10.4 million or 2.4% compared to 2007. Only 7 entities remitted dividends to government totalling \$21.3 million in 2008 compared to \$22.0 million in 2007. Four entities with total government investments of \$8.4 million are in-operative. Government also has shares in ATS and these shares were transferred from CAAFI when it ceased to be a Commercial Statutory Authority.

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 \$10.6 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 \$3.4 million as at 31/12/08.

Revenue

The correctness of Income Tax, VAT and Hotel Turnover Tax of \$911.6 million collected by the Fiji Islands Revenue & Customs Authority on behalf of the State, which represents 51% 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 2008 totalled \$157.7 million, a decrease of \$14.7 million or 8.5% from 2007. The high arrears of revenue were due to a substantial amount of outstanding tax arrears of \$86.3 million or 54.7% of total arrears owed to FIRCA. Also, Water and Sewerage rates rated high at \$32.4 million (20.5%) which was due to the Public Works & Infrastructure. Other significant arrears were due to Judicial, Lands Crown rents, Meteorological, Agriculture, FIRCA Customs and MFO Sinai.

Expenditure

The total actual expenditures for 2008 amounting to \$1,680.5 million had decreased by \$45.7 million or 3% from 2007 and incurred an overall savings of \$100.2 million compared to a savings of \$115 million in 2007.

The overall savings arose from savings in established staff by \$14.8 million (2.8%), wage earners by \$6.5 million (10.4%), travel & communications by \$2.2 million (11.5%), purchase of goods by \$2.0 m (3.5%), operating grants & transfers by \$11.0 million (5.4%), special expenditures by \$9.9m

(21.2%) , capital construction by \$33.5 million (22.4%), capital purchase by \$5.8 million (25.1 %), capital grants and transfers by \$5.4 million (6.4%), pensions and gratuities by \$3.1 million (2.6%), and finances on public debt by \$11.4 million (8%).

The RFMF and the Department of Police both exceeded their budgeted forecast by 3.31% and 10.93% respectively. The reasons for the over – expenditures were mainly due to the over – payment of salaries and allowances.

Borrowing

Public debt in 2008 totalled \$2.8 billion and comprised of domestic loans of \$2.3 billion or 82% of total debt; overseas loans of \$475.9 million or 16%; and Treasury Bills \$64.5 or 2%.

In 2008, Government borrowings totalled \$422.4 million of which \$341.2 million or 81% was through domestic bonds, \$64.5 million or 15% treasury bills and \$16.6 million or 4% in overseas loans.

Principal payments for 2008 on government borrowings totalled \$722.0 million whilst interest payments amounted to \$168.7 million.

A total of \$10.6 million loan to Fiji Government was directly disbursed by the Asian Development Bank (ADB) to the contractors of the projects, namely, Suva/Nausori Water Supply and Fiji Road Up-grading Project (FRUP) loan.

Government in honouring its guarantor obligation paid a total of \$4.9 million on behalf of Fiji Electricity Authority and Fiji Sugar Cane Growers Council to its lenders, namely the Reserve Bank of Fiji and the Fiji Development Bank respectively.

The honour of this government guarantee payment has not been reflected in the Accounts and Finances as debt owed to government in the Lending Fund Account.

Lending

Loans made by Government and outstanding as at 31/12/08 totalled \$105.9 million, a decrease of \$8.2 million or 7% compared to 2007. Repayments received in 2008 totalled \$12.3 million whilst additional loans granted and interest capitalized in 2008 was \$4.1 million.

Parliamentary resolutions between 2001 and 2004 and cabinet decisions in 2008 approved the conversion of loans to grant owed by the Fijian Affairs Board, the Fiji Sugar Corporation and the Rabi Council of Leaders. These conversions have not been executed to date.

The balance of \$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 capitalized or recoveries made under these accounts. The recovery of these loans is uncertain due to the lapse in time

Outstanding advances and loans of Rewa Rice Limited totalled \$4.6 million and \$1.9 million respectively. Cabinet decision dated September 2004 endorsed the \$4.6 million outstanding advance to be converted to grant. The conversion is yet to be finalised. In addition to this, the loan repayment of \$1.9 million has also not commenced.

The \$4.6 million advance has not been recorded in the Accounts and Finance.

Revolving Fund Account

Revolving Fund Account (RFA) comprises of balances that are asset and liability in nature. The accounts are made of Accounts Receivable, Prepaid Expenses, Accounts Payable, Accrued Expenses and the operation of Trading and Manufacturing Account (TMA).

Balance outstanding in RFA as at 31/12/2008 totalled \$80.8 million compared to \$68.3 million in 2007, an increase by \$12.5 million or 18%.

Receipts and Payments reflected in the Accounts and Finance of Government from the Revolving Fund Account totalled \$3,343,457,332 and \$3,351,545,208 respectively. These demonstrate the volume of transactions in the Revolving Fund Accounts. As a comparison, total revenue and expenditure was only 54% and 50% of these receipts and payments respectively. Numerous mispostings, errors and their subsequent adjustments have inflated the total receipts and payments of the Revolving Fund accounts.

Furthermore, Ministries/departments failed to submit their reconciliations to Ministry of Finance, despite numerous reminders being sent. Reconciliation for RFA- Miscellaneous, namely, Accounts Payable and Accrued Expenses were not submitted to the Ministry of Finance at all. As such these account balances totalling \$1.2 million and \$1.6 million respectively were unsubstantiated.

Account balances totalling \$64.9 million in the clearing account for domestic and overseas loans appearing under the revolving fund account has not been included on the Accounts and Finance of Government.

In addition, Ministries/Departments had more than one IDC account. Explanation for the utilisation of various IDC accounts could neither be provided by the Ministries/Departments nor the monitoring agency, Ministry of Finance.

Balancing accounting entries to the Equity of government's TMA were made to produce a balanced balance sheet. As such, entries totalling to \$22.7 million could not be substantiated.

TMA Balance sheet accounts such as Accounts Receivable, Inventory and Surplus/Deficit totalling to \$6.7m are not forming part of the Accounts and Finance of government.

TMA Credit sales of \$12.5 million have been taken as TMA receipts in the Accounts and Finance despite reporting on cash-basis of accounting.

A Capital loss of \$4.4 millions was incurred when 4 TMA operations were written off. The 4 TMA operations are Gravel Washing Plant, Cane Trucks, Republic of Fiji Military Forces (RFMF) Air Wing and Marine Shipbuilding TMA.

Trading and Manufacturing Accounts (TMA) are either operating above/below their appropriated ceiling. TMA operating above their ceiling are yet to remit the excess funds to the Consolidated Fund Account while those operating below the ceiling are operating at a loss.

Contingent Liabilities

Government guarantee of members' contribution to the Fiji National Provident Fund totalled \$2,618,006,433 which is 75% of total government guarantee. Apart from guaranteeing the members contributions, the Government owes \$1,743,304,300 to FNPF, which is 74% of total domestic borrowings.

Contingencies Fund

Balance for Contingencies Fund of \$2 million reserved for unforeseen events has been a carry-forward balance that could not be substantiated. In addition, the Ministry of Finance confirmed that there is no ledger account drawn up in Governments accounts & finance for the Contingencies Fund Account as the account was not mapped when Government finance system was converted to the new general ledger system. Government continues to report the contingency funds of \$2 million even though it does not exist in the new FMIS general ledger.

2008 Accounts of Ministries and Departments

Office of the President

Contrary to Finance Instruction 82(1) Statements of Output Cost and Trust Fund Account Statement of Receipts and Payments were not provided for audit.

There is a significant variance in the FNPF reconciliation totaling \$208,813 when compared to the accounts as at 31/12/08.

The Office of the President has accumulated arrears of water rates totaling \$38,743 as at 31 July, 2009.

The audit noted that 9 officers had excessive annual leave carried forward from previous years to 2008 with outstanding annual leave ranging from 36 – 210 days. The leave liability as at 31/12/09 totaled \$44,780.

Office of the Prime Minister and Public Service Commission

The Financial Management Information System shows that the Office of the Prime Minister and the Public Service Commission as at 31/12/08 had operating trust funds totaling \$(43,008) overdrawn and \$469,682 respectively. Statements of accounts to support these were not submitted.

Differences were noted in the reconciliations undertaken for the Drawings Accounts, Trust funds and Revolving Fund account Miscellaneous as at 31/12/09.

Scrutiny of a sample of loan records revealed that the Student Loans Scheme was not properly monitored to ensure the successful recovery of loans upon completion of studies.

Some government rented offices including the premises occupied by the Commission do not comply with the requirements of the Occupational Health and Safety Act.

Some senior civil servants are illegally occupying government quarters. A former civil servant who is occupying a government quarter and has a court case pending against him has accumulated rental arrears of \$99,399 as at 31/12/08.

Office of the Attorney General

The Office has not provided a Trust Fund Account Statement of Receipts and Payments which has a balance of \$247,818 as at 31/12/08.

There is a significant variance in the VAT and FNPF reconciliations when compared to the accounts as at 31/12/08.

Two officers were overpaid a total of \$7,349 after they failed to inform the Ministry about their intention to resign from service.

Ministry of Provincial Development, Indigenous & Multi-Ethnic Affairs

The Ministry has not provided a Statements of Output Costs; Statement of Losses and Trust Fund Account Statement of Receipts and Payments. Significant variances were noted in the reconciliation of FNPF records for the Ministry.

A total of 37 cheques valued at \$832,666.38 that were prepared in December 2008 at the Commissioner Western's Office have not been issued to payees on 23/2/09. A significant amount of revenue is also in arrears of which 52% is over two years old.

The following projects which commenced in 2005 are still incomplete although funds were provided for the projects: Kenani Evacuation Centre, Waiyavi SDA Evacuation Centre, Namoli Village Footpath Project and Vanuakula Flash Toilet Project.

The Ministry has poor control over the use of motor vehicles especially where accidents have occurred. Three vehicles were involved in accidents in 2008 of which only one was reported.

Ministry of Defence, National Security and Immigration

The department failed to provide the VAT returns for 2008 as a result VAT reconciliation could not be prepared. A reconciliation of FNPF contributions against salaries and wages reported in the financial statements for the departments revealed significant variances. Drawings accounts reconciliation was not undertaken for Department of Defence and National Security and incorrectly done for Immigration Department.

Amounts totaling \$2,049,514 received by the Department of Immigration as bond have yet to be refunded to international workers or their agents who have departed from Fiji.

Proper tender procedures were not complied when the Immigration Department engaged Leah's Apartment as the detention centre for illegal immigrants.

The department lacked manpower to expedite the removal of over stays in the country and a considerable number of passports were damaged during the processing stage incurring unwarranted costs and loss of revenue for the department

Ministry of Labour, Industrial Relations & Employment

The Ministry has not provided a Statement of Losses; and a Trust Fund Account Statements of Receipts and Payments.

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed significant variances.

A VAT reconciliations carried out during the audit revealed an un-reconciled balance of \$1,323,245. In addition, VAT input as per VAT returns totalled \$307,938, whereas the general ledger recorded VAT input of \$407,895 resulting in a difference of \$99,957.

Revenue or fees collected by the Ministry through its Occupational Health and Safety (OHS) Division have not been accounted for in the VAT returns. Such VAT is included in the OHS Fees but is not declared in monthly VAT Returns to the Fiji Islands Revenue Customs Authority.

The Ministry is yet to pay out trust funds belonging to beneficiaries of deceased workers who have attained 21 years.

Ministry of Foreign Affairs, International Co-operation and Civil Aviation

The Ministry has not provided the Statement of Losses and Trust Account Statement of Receipts and Payments.

The payments of FNPF contributions and VAT could not be reconciled to the accounts. Fiji Missions overseas incurred expenses which appeared to be inappropriate or extravagant. This includes Port Moresby, New Delhi, Canberra, New York, Malaysia, Tokyo, Beijing, London, Brussels and Wellington.

For the past five years, government had allocated \$4.5 million as capital grants to the Airports Fiji Ltd for the up keeping and maintenance of rural airstrips. However the condition of the rural airstrips was not very satisfactory and a number of deficiencies were noted by the CAAFI aerodrome team. Also the grant was diverted to purchase fire trucks and tractors without the approval from the Ministry of Finance.

Election Office

The Office has not provided a Statement of Losses, as Losses amounting to \$9,330 was recorded as at 31/12/08; and a Trust Fund Account Statement of Receipts and Payments.

The Office did not obtain police clearance in respect of the newly appointed Project Officers nor were they medically examined. The posts were also not advertised.

Approval was given to the Supervisor of Elections to appoint a Media Consultant from 29/09/08 to 31/12/08 that carried a salary of only \$18,000. A Consultant was engaged at the rate of \$70 per hour from 29/09/09 to 31/12/08. PSC approval letter specifically stated that the Consultancy fee must not exceed \$18,000 for the period. The Office however was paid total consultancy fees of \$75,582.50 which exceeded the limit by \$57,825 or 320%.

A payment of \$17,802.61 was made to University of Melbourne being tuition fees for Mr. Viliarne Ledua Vuiyanuca to undergo further studies from 02/03/09 to 31/12/09. The officer did not embark on further studies but continued to work in the Office as at the date of audit in April 2009.

The Office purchased 10 blackberry mobile phones from Vodafone Fiji Limited worth \$7,990 without seeking approval from the Public Service Commission. In addition an advance rental payment for whole year (2009) was done to Vodafone Co. Ltd totaling \$8,394 for the 10 mobile phones.

The Office purchased two photocopying machines by splitting the cost using several Local Purchase Orders thus bypassing the proper procurement procedures. The orders were authorized by the Supervisor of Elections.

Judiciary

The Department has not provided a Statement of Losses and a Trust Account Statement of Receipts and Payments.

Warrants are issued for non-payment of court fines or non-appearance to court hearings and the executions of warrants are undertaken by the Fiji Police Force. As at 31/12/08 the arrears of revenue for the Department totaled \$10,574,640.

Legislature

Audit noted that some Officers continued to receive consolidated allowances, which should only be paid to Editors and Hansard Officers when Parliament is in session.

Accountable advances issued to staffs in prior years are still to be accounted for and retired. The officers concerned explained that they have retired the advances but no documentary evidence was provided for audit purposes to authenticate that the advances have been cleared.

Ministry of Justice, Prison & Correction

Although the guidelines are specifically stated in the Bankruptcy Act, audit noted discrepancies in the liquidation of several companies. Refer to Liquidation Nos. 13/2003, 09/2005, 59/2001, 110/2001, 58/2001.

Certain liquidation and bankruptcy cases have been cancelled but the accounts were still open with balances either to be refunded to the respective Company Directors or journalized to the official receivers fees account.

We noted from our review of the Bank Reconciliation Statement for December 2008 that some deposits from as far as nine years back are still reflected in the Bank Reconciliation as receipts not credited by the bank.

Audit noted that no tender was called by the Department of Prison and Correction for the purchase of caps, tee shirts and shirts totaling \$45,260 from Xoolu Enterprises Limited.

Department of Information

The Department has not provided for audit a Trust Account Statement of Receipts and Payments, contrary to Finance Instructions 82(1).

The former Director proceeded on study leave in 2006 to pursue a Master of Arts in Governance programme at the University of the South Pacific was bonded for one year amounting to \$41,367. The officer had served only eight months of her bond before tendering her resignation on 15/09/07 and vacated the office without giving the 30 days notice. She had an unserved bond for four months amounted to \$14,312.67 and was also overpaid \$1,651.

Fiji Military Forces

The Force incurred an over-expenditure of \$2,691,923 in 2008.

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 31/12/08 had operating trust funds totaling \$225,838.

There is significant variance in the VAT and FNPF reconciliations when compared to the accounts as at 31/12/08.

The Force purchased goods and services from suppliers that did not go through the normal tender process and without competitive quotations obtained. The audit noted that goods and services were purchased without issuing Local Purchase Orders. The Force's Director Finance approved an LPO in excess of his delegated authority.

Fiji Police Force

The Force has not provided a Statement of Losses and a Trust Account Statement of Receipts and Payments.

The payments of FNPF contributions and VAT could not be reconciled to the accounts. The Fiji Police Force had a manual payment of \$739,977 which was not updated in the FMIS for 2008.

The Force incurred over-expenditures under SEG1 Established Staffs allocation by \$8,712,130 and failed to seek necessary approval from Ministry of Finance to regularize the over expenditure.

The Fiji Police Force failed to call tenders for a number of purchases which were above \$ 20,000 particularly when procuring from Lotus Garments (MFG) Ltd and Deluxe Footwear Fashions Ltd.

The Police Force had undertaken a new approach to combat crime which involved crusade work in the public. The new approach to crime prevention has increased the expenses and is viewed as exorbitant to the Force. The Fiji Police Force also did not update a total of \$739,976.56 of manual payments into the FMIS system.

Ministry of Education, National Heritage, Culture and Arts

The Ministry has a total salary overpayment of \$657,795.31 as at 31/12/08 which is still to be recovered. In 2008, the salary overpayment amounted to \$213,226.37 of which \$130,923.40 or 61% was overpaid to staffs upon resignations and leave without pay.

Fifteen vehicles in the Ministry's fleet have exceeded mileage of 200,000km but are still being used. Fuel and the maintenance costs are considered high for these vehicles.

The audit of the building grants records for primary and secondary noted that some of the grant recipients have not submitted completion certificates and acquittal reports to the Ministry.

Rules and Regulations for General Purpose Trust Fund, Caution Fee Trust Fund Account were not followed and approval was not obtained from Permanent Secretary for Education for use of trust funds by some government primary and secondary schools.

The audit noted the need for urgent maintenance of the dormitories, toilets and bathroom facilities, dining hall and kitchen at Nasinu Secondary, Queen Victoria School and Ratu Kadavulevu School respectively.

Ministry of Health, Women & Social Welfare

A Statement of Losses and Trust Account Statement of Receipts and Payments was not submitted to audit. The Financial Management Information System shows that the Ministry of Health as at 31/12/08 has Operating Trust Funds totaling \$8,943,060 of which \$7,495,121 or 84% represent FNPF. In addition, the Department of Women and Social Welfare has overdrawn Operating Trust Fund balance of \$43,052.

A Trading and Manufacturing Accounts for the operations of the Bulk Purchase Scheme was not submitted by the Ministry.

The payments of FNPF contributions and VAT could not be reconciled to the accounts.

Officers occupying government quarters of whatsoever grade or type or self contained flats will be required to pay rent at the rate of 8% of basic salary. Contrary to the above provisions, the some officers have been occupying quarters at Tamavua Hospital compound and were paying rent of \$0.35 per week or \$18.20 annually.

The Tamavua Hospital has continued to pay the water bills of the Fiji School of Medicine despite it now being a private institution. It has paid a total of \$455,640.94 for meter number KRI 22 as at 31/12/08.

The former Chief Pharmacist, Mr. Peter Zinck, was surcharged \$50,316.94 (50% of \$100,633.88) for non delivery of 100 hospital beds ordered as per the indent MD107/03. The supplier, Pacific Surgimed International Ltd of New Zealand was paid in advance the total amount of \$100,633.88 in December 2002. The Officer is now employed at the United Nation Population Fund (UNFPA) and he owes the government \$47,758.41.

The audit noted that Fiji Pharmaceutical Services in 2008 purchased 29,700,000 Methyldopa tablets (250mg) tablets, costing \$1,038,076.09, when the estimated annual usage rate was only 1,333,333 and the maximum stock level was 2,000,000. Assuming the drugs do not expire, the stock should be sufficient for 19 years. However, these drugs would be expiring in April 2011.

Audit noted that drugs worth \$973,120 had expired at the end of 2008.

Patients' belongings are still unclaimed and stored in a cabinet at the Saint Giles Hospital (SGH). No proper register is maintained to record and account for these valuable items. The items unclaimed are jewellery, purse, watches, bank books, passport, sunglasses, cameras and whales tooth etc.

The audit noted that there is a need for urgent maintenance and replacement of numerous machines and equipment currently used in the hospital as these pose risks to the staffs and hinder the quality health services provided to patients.

A total of \$177,397 as of 31/12/08 was recorded as overpayment of salary by the Ministry of which \$74,979 (42%) was overpayment upon resignation. This is a result of divisional officers failing to advise salaries section at Headquarters on time.

As at the date of the audit¹, the Ministry had 330 vacant positions. The vacant positions ranged from doctors to other support officers.

Some nurses were still paid consolidated allowances despite working in urban hospitals and health centers. As at 31/12/08, \$179,207.29 was paid out as consolidated allowances. Of this amount, \$77,398.43 or 43% were paid to nurses who were not entitled to consolidated allowance.

Department of Local Government, Urban Development and Housing

A reconciliation of FNPF contributions against salaries and wages reported in the Financial Statements revealed variances significant variances which indicate that FNPF contribution had been underpaid.

The department failed to prepare VAT reconciliations for 2008. A review of VAT Returns and supporting documents carried out during the audit revealed significant un-reconciled balances.

Department of Youth and Sports

The audit noted a number of sporting bodies that failed to submit their acquittals for the financial assistance provided by the Department and that the Department has not been effective in monitoring and following up acquittals with recipients. As a result the audit could not substantiate whether grants have been utilized for intended purposes.

Under the Vatakoula Rehabilitation Program, a total of 210 redundant miners were provided financial assistance amounting to \$422,482 of which the Department was to recover 50% (\$211,241) from the miners. The audit noted that the Department only managed to recover \$14,575 as at 25/11/08.

The Department through its National Youth Service Scheme (NYSS) provided financial assistance to 215 youths amounting to \$80,690 as at 31/12/08 of which the Ministry was to recover 50% within the stipulated timeframe as per the respective recipient's memorandum of understanding. The audit noted that the Department has only recover \$86.34.

Ministry of Primary Industries

The Trading and Manufacturing Account's *Accumulated Surplus* and *Surplus* of \$2,559,456.93 and (\$2,098,107.49) respectively shown in the Balance Sheet could not be substantiated as supporting documents were not provided for audit.

Arrears of revenue totaled \$3,978,918, a decrease of 2% compared to 2007. Some debts had remained uncollected during the three years as the Department had not instigated recovery actions as required under the Finance Manual.

Some of the projects approved and funded through the Rural and Outer Island Programme were not implemented satisfactorily. In some instances, the forecasted outputs stated in the project proposals were not achieved, agro inputs and planting materials were not supplied to the farming groups while there was a generally lack of commitment from the executing groups.

Audit review noted that Local Purchase Orders were artificially split into numerous procurements for the purpose of obtaining a lower level approval. The failure of the Department to apply the required purchasing limits resulted in unauthorized expenditures.

The Ministry engaged National Bulldozing Company Limited (NBCL) in 2008 for the drainage works in respect of the Sigatoka Valley Improvement Programme. It was noted that a contract agreement was not drawn up and signed between the two parties. The company was paid a total amount of \$54,943 for the work done.

On 27th October 2008, the Debt Management Unit of the Fiji Islands Revenue and Customs Authority issued a legal demand notice to the Department claiming for the tax owed in the sum of \$53,553.86 and penalties in the sum of \$25,450.64, totaling \$79,004.50.

The Department of Fisheries through its freshwater aquaculture project constructed 16 ponds which are technically referred to as "Tanks" at the Naduruloulou Research Station. These ponds were to be utilized for nursing new hatchlings of fish and prawns to suitable sizes for delivery to farmers as well as research purposes. The ponds were constructed by Cama Holding at a cost of \$18,500 in December 2008. A site visit on 18 March 2009 at Naduruloulou Research Station revealed that all the 16 ponds were not in use and were overgrown with grass and weeds.

Ministry of Lands, Mineral Resources and Environment

The arrears of revenue recorded by the Department which totaled \$10, 223,341 is substantial and indicate the poor debt collection procedure in practice.

The audit noted that two Technical Assistants were awarded FAB scholarship with pay to pursue Bachelor of Engineering majoring in Lands and Bachelor of Spatial Science for 4 years from February 2007. Due to poor academic results in 2007, both scholarships were terminated however the officers failed to return.

The audit noted from the Crown lease report provided by the Department that the yearly rentals for some crown leases were significantly low. This indicates that rent was not reviewed periodically and adjusted to current market rates.

Every year, the System Support Centre generates all re-assessments that are due in the following year. This is forwarded to the Valuation Section for re-assessment however it was noted that reassessments were not carried out by the Department on crown leases on the due dates specified in the lease conditions.

The arrears of revenue figure provided by the Lands System and the Lands Administration System were not reconciling. This indicates that the department is not recovering the correct amount of arrears as the variance could not be substantiated.

Ministry of Industry, Tourism, Trade and Communications

The Department of Communication recorded total arrears of \$1,096,943.25 as at 31 December 2008. The arrears show a significant increase of 90% from \$97,918 recorded in 2007.

A difference of \$89,782.46 was noted between the Ministry of Commerce Drawings account reconciliation and the balance recorded in the FMIS. The Ministry's reconciliation recorded a balance of \$260,386.06 whereas the balance on FMIS had \$350,168.52.

One Mr. Gani filed a civil action against the Cooperative Department and Attorney General's Office claiming damages for personal injuries and other consequential losses due to the accident and was awarded damages totalling \$87,530.69 in October 2005. Eight years has passed since payment of the damages however no surcharge action has been taken against the driver of the government vehicle who is still employed at the Department of Co-operatives.

Ministry of Works and Transport

Trading and Manufacturing Account *Accumulated Surplus* of \$4,591,193 and *Surplus* of \$909,265 reflected in the Balance Sheet could not be substantiated as supporting documents was not provided for audit.

The Trust Account Statement of Receipts and Payments did not include trust account balance of \$78,556 belonging to the Department of Meteorological Services.

The amount of \$802,132 stated as Other Deductions in the Trust Account Statement of Receipts and Payments could not be substantiated as supporting documents could not be provided.

The Ministry's statement of income and expenditure had incorporated total expenses and revenue of \$112,251 and \$8,489 respectively which belonged to the Department of Civil Aviation under the

Ministry of Foreign Affairs and Department of Water and Sewerage under the Ministry of Public Utilities.

The Government Shipping Services purchase fuel for government vessels from Total Fiji Limited which is supplied in drums for which it pays a refundable deposit of \$50 per drum. The audit noted that the drums were not returned and that deposits paid were not claimed by the department.

There is a possibility of collusion amongst 3 employees at the Meteorological Services where they manipulate financial records for their own benefit. The officers had intentionally increased amounts of their salary in the system to increase their take-home pay.

The Department of Works recorded a total of \$604,348.24 in stale cheques as at 31/12/08. The amounts and status of these cheques could not be verified as relevant supporting documents were not provided.

Approval was granted by the PSC in its letter dated 8/7/08 for an Acting Accounts Officer and her Acting Assistant Accounts Officer to attend fraud training in Boston, USA from 13 – 18/7/09. However, it was noted that TMA fund totalling \$19,735.29 was used to finance the officers' trip.

An analysis of the performance of the TMAs for 2008 showed that TMAs have incurred huge losses in its operations.

The Plant Pool of the Mechanical section maintains all government vehicles that are hired by the various sections of the Ministry in the Central Eastern Division. An analysis carried out on the fleet of Plants and vehicles in the Division raises a lot of discrepancies.

The Department of Roads did not consider requesting the Tender Board to call annual tender for the supply of goods, services or works which it regularly requires and purchase orders were not issued for some purchases of goods and services.

Department of Public Utilities and Energy

The Department failed to submit the Trust Account Statement of Receipts and Payments to audit. The Financial Management Information Systems shows that the Department of Water and Sewerage as at 31/12/08 has Operating Trust Funds totaling \$2,977,871.33. In addition, Department of Energy has an overdrawn True Trust balance of \$58,953.15; and has an Operating Trust Fund totaling \$438,049.69.

The payments of FPNF contributions and VAT could not be reconciled to the accounts of the Department of Water and Sewerage.

Arrears of revenue for Water and Sewerage Rates as at 31/12/2008 totaled \$32,355,792, an increase of \$2,719,664 or 9% compared to 2007.

There were backlogs in the connection and installation of new meters for the period 2004 to 30 June 2008 at the Divisional Engineer western. Out of the total applications (236) received till June 2008 for the meter connections, only 28 (or 12%) meters were connected.

The Department engaged twelve companies to provide hired vehicles in 2008 and utilized a total of \$388,546 in 2008. This is considered excessive and it appeared that they were hired without any regard to economy.

The Benau Water Treatment Plant was constructed based on the recommendations made in the 1996 Master Plan by Sinclair Knight Merz Consultant. The construction was carried out in 1999 by

Sophora Water (NZ) Limited at a cost of \$3.20 million (VEP). Since completion in 1999, the plant has not operated normally due to problems which were not known at the time of commissioning.

Audit noted high rate of unaccounted for water for the Walia/Deuba region. More than 50% of the water is unaccounted for in each month.

Audit inspection at the PWD Walu Bay warehouse noted a number of operational and non-operational generators stored in the yard. The 21 operational generators on hand were either stored for spare parts, under repairs or awaiting installation. As for the unserviceable generators in the yard, 41 have been recommended for auction while 25 are recommended to be sold as scrap

CONTENTS

Volume 1: Audit Report on the Whole of Government Financial Statements and Annual Appropriation Statement

Part 1: Audit Certificate and the Audited Accounts

Part 2: Report of the Whole of Government Financial Statements and Annual Appropriation Statement

Volume 2:

1. Office of the President
2. Office of the Prime Minister and Public Service Commission
3. Office of the Attorney General, Solicitor General & Public Enterprise
4. Ministry of Finance
5. Ministry of Provincial Development, Indigenous & Multi-Ethnic Affairs
6. Ministry of Defence, National Security and Immigration
7. Ministry of Labour, Industrial Relations and Employment
8. Ministry of Foreign Affairs, International Co-operation and Civil Aviation
9. Elections Office
10. Judiciary
11. Legislature
12. Office of Ombudsman

Volume 3:

13. Office of the Director of Public Prosecutions
14. Ministry of Justice
15. Department of Information
16. Fiji Military Forces
17. Fiji Police Force
18. Ministry of Education, National Heritage, Culture and Arts
19. Ministry of Health, Women & Social Welfare

Volume 4:

20. Department of Local Government, Urban Development and Housing
21. Department of Youth and Sports
22. Ministry of Primary Industries
23. Ministry of Lands, Mineral Resources and Environment Resources
24. Ministry of Industry, Tourism, Trade and Communications
25. Ministry of Works and Transport
26. Department of Public Utilities

VOLUME 4

- 20. Department of Local Government, Urban Development and Housing
- 21. Department of Youth and Sports
- 22. Ministry of Primary Industries
- 23. Ministry of Lands, Mineral Resources and Environment
- 24. Ministry of Industry, Tourism, Trade and Communications
- 25. Ministry of Works and Transport
- 26. Department of Public Utilities and Energy

Section 20 Department of Local Government, Urban Development and Housing

Role and Responsibilities

The Department of Local Government, Urban Development and Housing is responsible for the formulation and implementation of local government and urban planning policies. It also has responsibilities for National Fire services. The Ministries functions are categorised into the following programme areas: General Administration Section, Local Government and Department of Town and Country Planning.

The national Fire Authority is also under the Department's jurisdiction.

Table of Contents

FINANCIAL STATEMENT.....	1
20.1 Audit Opinion	1
20.2 Statement of Receipts and Expenditures	2
20.3 Statement of Output Costs	2
20.4 Appropriation Statement.....	3
20.5 Statement of Losses.....	3
20.6 Trust Fund Statement of Receipts and Payments	3
20.7 FNPF Reconciliation.....	4
20.8 VAT Reconciliation	5
Appendix 20.1: Statements of Output Costs.....	7

FINANCIAL STATEMENT

20.1 Audit Opinion

The audit of the 2008 accounts of the Department of Local Government, Urban Development and Housing resulted in the issue of a qualified audit report.

The qualifications are as follows:

- (a) The amount reflected in the Statement of Output Costs have been estimated as the facility to allow the measurements 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 of its four outputs.
- (b) The payments of FNPF contributions and the VAT could not be reconciled to the accounts.

20.2 Statement of Receipts and Expenditures

The Department collected revenue amounting to \$405,247 incurred a total expenditure of \$7,732,276 in 2008. Details are provided in Table 20.1.

TABLE 20.1: STATEMENT OF RECEIPTS AND EXPENDITURES FOR 2008

Description	2008 \$	2007 \$
RECEIPTS		
State Revenue		
Operating Revenue	403,897	17,438,974
Total State Revenue	403,897	17,438,974
Agency Revenue		
Miscellaneous Revenue	1,350	1,867
Total Agency Revenue	1,350	1,867
TOTAL REVENUE	405,247	17,440,841
EXPENDITURES		
Operating Expenditure		
Established Staff	994,888	4,369,844
Unestablished Staff	86,281	7,559,694
Travel & Communication	101,434	104,508
Maintenance & Operations	168,816	25,275,727
Purchase of Goods & Services	61,473	86,818
Operating Grants & Transfers	2,600,000	1,604,800
Special Expenditures	---	102,808
Total Operating Expenditure	4,012,892	39,104,199
Capital Expenditure		
Capital Construction	2,272,285	29,543,364
Capital Purchases	17,000	41,867
Capital Grants & Transfers	1,104,750	496,195
Total Capital Expenditure	3,394,035	30,081,426
Value Added Tax	325,349	7,941,813
TOTAL EXPENDITURE	7,732,276	77,127,438

The Departments of Water, Sewerage and Energy operated under the ambit of the Department of Local Government, Urban Development and Housing in 2007; however they are now included under the Ministry of Public Utilities in 2008. This change resulted in the significant decline in revenue and expenditure of the Ministry in 2008.

20.3 Statement of Output Costs

Audit could not determine the accuracy of the expenditures in each of the Statement of Output Costs. The statements are detailed in **Appendix 20.1**.

20.4 Appropriation Statement

The Department incurred expenditures totalling \$7,732,276 in 2008 against the budget of \$9,167,000 resulting in a savings of \$1,434,724 or 16%.

Details of expenditures against the budget estimates are provided in Table 20.2.

TABLE 20.2: APPROPRIATION STATEMENT FOR 2008

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	1,275,600	---	1,275,600	994,888	---	280,712
2	Unestablished Staff	98,700	---	98,700	86,281	---	12,419
3	Travel & Communication	149,900	---	149,900	101,434	---	48,466
4	Maintenance & Operations	199,000	(10,446)	188,554	168,816	---	19,738
5	Purchase of Goods & Services	64,800	---	64,800	61,473	---	3,327
6	Operating Grants & Transfers	2,605,000	---	2,605,000	2,600,000	---	5,000
7	Special Expenditure	---	---	---	---	---	---
	Total Operating Costs	4,393,000	(10,446)	4,382,554	4,012,892	---	369,662
	Capital Expenditure						
8	Capital Construction	5,000,000	(2,000,000)	3,000,000	2,272,285	---	727,715
9	Capital Purchases	42,000	10,446	52,446	17,000	---	35,446
10	Capital Grants and Transfers	1,300,000	---	1,300,000	1,104,750	---	195,250
	Total Capital Expenditure	6,342,000	(1,989,554)	4,352,446	3,394,035	---	958,411
13	Value Added Tax	682,000	(250,000)	432,000	325,348	---	106,652
	TOTAL EXPENDITURE	11,417,000	(2,250,000)	9,167,000	7,732,275	---	1,434,725

20.5 Statement of Losses

The Department of Local Government, Urban Development and Housing recorded a lost/stolen mobile phone (Nokia) worth \$299 on 11/02/08 by the former Deputy Secretary. The Officer has been surcharged the full sum by the Ministry of Finance.

20.6 Trust Fund Statement of Receipts and Payments

Description	31 December 2008 \$	31 December 2007 \$
Opening Balance		
True Trust	36,921	36,921
Operating Trust	43,846	36,452
Receipts		
True Trust	1,000	---
Operating Trust	96,233	109,212
Total Receipts	97,233	109,212

Description	31 December 2008 \$	31 December 2007 \$
Payments		
True Trust	37,921	---
Operating Trust	104,732	101,818
Total Payments	142,652	101,818
Closing Balance		
True Trust	---	36,921
Operating Trust	35,347	43,846

The total trust fund for the Department has decreased by \$45,420 or 56% from \$80,767 in 2007 to \$35,347 in 2008.

20.7 FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee is employed by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.¹

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

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

TABLE 20.3: VARIANCE BETWEEN FNPF RECONCILIATION AND PAYROLL EXPENDITURE

Details	Amount \$
(a) Total FNPF against salaries and wages for 2008:	
FNPF as per financial statement	78,995.64
Less: December 2007 FNPF	12,605.64
	66,390.00
Add: December 2008 FNPF	17,910.16
FNPF for 2008	84,300.16
Gross Pay subject to FNPF (\$84,300.16 / 0.08)	1,053,752
(b) Salaries and Wages for 2008 subject to FNPF	
Salaries, wages and allowances as per financial statement	1,005,174.74
Less: Salaries, wages and allowances for 2008 not subject to FNPF	6,768.97
	998,405.77
Un-reconciled Variance	55,346.23

The above variance indicates that the FNPF have been underpaid. This is a result of lack of regular reconciliation and supervisory control over FNPF records.

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

Recommendation

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

Department's Comments

Please note that based on figures extracted from our final December 2008 GL report, a variance of only \$5,388.48 is noted as opposed to your variance of \$55,346.23

However, your recommendation is being seriously considered in our attempts to fully reconcile our FNPF records to ensure this problem does not recur in 2009.

20.8 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.²

Output VAT is payable to the Commissioner of Inland Revenue for the supply of all goods and services with the exception of zero rated and exempted supplies. Payments effected by government departments for goods and services are thus subjected to VAT.³

The department failed to prepare VAT reconciliations for 2008. A review of VAT Returns and supporting documents carried out during the audit revealed an un-reconciled balance of \$375,275 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Table 20.4 below for details:

TABLE 20.4: VARIANCE BETWEEN VAT RETURNS AND INCOME/EXPENDITURE AS PER FINANCIALS

Details	Amount \$
Total expenditure/income as per Expenditure Statement	7,732,276
Less: Expenditure not subject to VAT – SEG 1,2, 6 and 10	4,785,919
Total expenditure/income subject to VAT	2,946,357
Less: Total taxable supplies as per VAT Returns	2,571,082
Un-reconciled variance	375,275

In addition, a difference of \$353,049 was noted between the actual VAT payments for the year 2008 and the balance disclosed in the general ledger as reflected in Table 20.5 below.

TABLE 20.5: VARIANCE BETWEEN ACTUAL VAT PAYMENTS AND FMIS RECORDS

Details	Amount \$
VAT payments (VAT payments to FIRCA and VAT Input) as per	325,348

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

³ Finance Circular No 9/95

Details	Amount \$
Statement of Receipts and Expenditure	
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2008	27,701
Un-reconciled variance	353,049

The discrepancies highlighted above are results of lack of reconciliation and supervisory control over VAT records.

Recommendations

- **The Department should review its VAT records and provide explanations for the variances.**
- **The Department should ensure monthly VAT reconciliations are prepared to ensure that correct Vat payment are made to relevant authorities.**
- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the GL.**

Department's Comments

Vat payments are processed monthly based on the GL/Expenditure reports which are released by the Ministry of Finance.

These monthly records which form the basis of our payments are properly filed and have been verified by auditors in the recent past. There were no queries raised to question the accuracy of our monthly payments to FIRCA.

In fact for 2008 alone, the Ministry claimed refunds in 7 out of the 12 months. The refunds totaled \$26,946.75 whilst payments for 5 months amounted to \$22,399.68

To date (20/08/09), FIRCA still owes this Ministry three (3) months refund totaling \$21,088 which they have acknowledged through relevant statements.

Nonetheless, your recommendation is noted and the Ministry will continue to ensure our monthly records are properly verified prior to processing monthly Vat repayments.

Appendix 20.1: Statements of Output Costs**Portfolio Leadership Policy Advice and Secretariat Support 2008**

Description	2008 \$	2007 \$
EXPENDITURES		
Operating Expenditure		
Established Staff	338,857	457,392
Unestablished Staff	46,274	46,429
Travel & Communication	38,661	45,594
Maintenance & Operations	65,737	62,393
Purchase of Goods & Services	13,408	15,072
Operating Grants & Transfers	---	---
Special Expenditures	---	---
Total Operating Expenditure	502,937	626,880
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	---
Value Added Tax	13,978	82,565
TOTAL EXPENDITURE	516,915	709,445

LOCAL GOVERNMENT – Delivering an improved system of Local Government 2008

Description	2008 \$	2007 \$
EXPENDITURES		
Operating Expenditure		
Established Staff	114,240	103,415
Unestablished Staff	9,819	11,586
Travel & Communication	3,849	3,046
Maintenance & Operations	1,455	1,149
Purchase of Goods & Services	9,947	5,975
Operating Grants & Transfers	1,600,000	1,604,800
Special Expenditures	---	---
Total Operating Expenditure	1,739,310	1,729,971
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	135,907	496,195
Total Capital Expenditure	135,907	496,195
Value Added Tax	1,524	14,828
TOTAL EXPENDITURE	1,876,741	2,240,994

TOWN & COUNTRY PLANNING - Licensing, Compliance & Monitoring – Urban & Regional Planning 2008

Description	2008 \$	2007 \$
EXPENDITURES		
Operating Expenditure		
Established Staff	410,839	432,923
Unestablished Staff	20,367	20,411
Travel & Communication	42,611	25,839
Maintenance & Operations	61,497	39,828
Purchase of Goods & Services	15,129	6,420
Operating Grants & Transfers	---	---
Special Expenditures	---	---
Total Operating Expenditure	550,443	525,421
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	17,000	41,867
Capital Grants & Transfers	---	---
Total Capital Expenditure	17,000	41,867
Value Added Tax	17,362	67,790
TOTAL EXPENDITURE	584,805	635,078

HOUSING - Housing, Squatter Upgrading and Management 2008

Description	2008 \$	2007 \$
EXPENDITURES		
Operating Expenditure		
Established Staff	130,952	119,599
Unestablished Staff	9,821	2,292
Travel & Communication	16,313	20,000
Maintenance & Operations	40,127	32,000
Purchase of Goods & Services	22,990	6,398
Operating Grants & Transfers	1,000,000	1,000,000
Special Expenditures	---	31,773
Total Operating Expenditure	1,220,203	1,212,062
Capital Expenditure		
Capital Construction	2,272,285	330,647
Capital Purchases	---	---
Capital Grants & Transfers	968,843	1,112,000
Total Capital Expenditure	3,241,128	1,442,647
Value Added Tax	292,485	---
TOTAL EXPENDITURE	4,753,816	2,654,709

Section 21 Department of Youth and Sports

Role and Responsibilities

The Department for Youth and Sports is responsible for:

The formulation and implementation of policies and programs aimed at enabling youths to meet challenges of their generation and create a better future through informed choices; and

The promotion and development of sports and its infrastructure both in the urban and rural areas in recognition of the important role of Sports in nation building, and to create a vibrant and highly competitive sports industry which will be economically beneficial to Fiji.

Table of Contents

FINANCIAL STATEMENT.....	1
21.1 Audit Opinion.....	1
21.2 Statement of Receipts and Expenditures.....	2
21.3 Statement of Output Costs.....	3
21.4 Appropriation Statement	3
21.5 Statement of Losses	3
21.6 FNPF Reconciliation	3
25.7 VAT Reconciliation.....	4
21.8 Operating Trust Fund Account.....	6
21.9 Revolving Fund Account – Miscellaneous	7
AUDIT FINDINGS	8
21.10 Non – Submission of Acquittals	8
21.11 EGM Redundant Workers Rehabilitation Programme	9
21.12 National Youth Service Scheme	10
21.13 Small Micro Enterprises (SME's) Projects 2007 – 2008	11
Appendix 21.1: Statements of Output Costs.....	14
Appendix 21.2: EGM Redundant Workers.....	16

FINANCIAL STATEMENT

21.1 Audit Opinion

The audit of the 2008 accounts of the Department of Youth and Sports resulted in the issue of a qualified audit report.

The qualifications are as follows:

- (a) The Department had consolidated its expenditures into 4 Statement of Output Costs whereas the Budget Estimates for 2008 prescribes 5 outputs. The facility to allow the measurement and accounting of output costs is 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.

- (b) The payments of FNPF contributions and the Vat could not be reconciled to the accounts.

21.2 Statement of Receipts and Expenditures

The Department collected revenue totalling \$36,879 incurred a total expenditure of \$3,946,213 in 2008. Details are provided in Table 21.1.

TABLE 21.1: STATEMENT OF RECEIPTS AND EXPENDITURES FOR 2008

Description	2008 \$	2007 \$
RECEIPTS		
State Revenue		
Operating Revenue	541	32,708
Total State Revenue	541	32,708
Agency Revenue		
Miscellaneous Revenue	24,103	12,337
Sales of School Farm Produce	12,235	8,468
Total Agency Revenue	36,338	20,805
TOTAL REVENUE	36,879	53,513
EXPENDITURES		
Operating Expenditure		
Established Staff	1,391,266	1,444,876
Unestablished Staff	155,102	141,492
Travel & Communication	94,957	89,348
Maintenance & Operations	118,050	112,603
Purchase of Goods & Services	275,954	313,108
Operating Grants & Transfers	320,407	976,924
Special Expenditures	1,234,952	2,462,106
Total Operating Expenditure	3,590,687	5,540,457
Capital Expenditure		
Capital Construction	---	140,404
Capital Purchases	---	---
Capital Grants & Transfers	132,500	71,583
Total Capital Expenditure	132,500	211,987
Value Added Tax	223,026	551,518
TOTAL EXPENDITURE	3,946,213	6,303,962

State revenue declined by 98% as a result of decrease in Small Micro-enterprise Assistance in 2008. The recipients are required to provide one third contribution and the remaining contribution is provided by the Department.

Operating expenditure declined as a result of the transfer of the Apprentice Scheme allocation to the Ministry of Labour, Industrial Relation and Employment in 2008.

21.3 Statement of Output Costs

Audit could not determine the accuracy of the expenditures in each of the Statement of Output Costs. The statements are detailed in **Appendix 21.1**.

21.4 Appropriation Statement

The Department incurred expenditures totalling \$3,946,213 in 2008 against the budget of \$4,553,600 resulting in a savings of \$607,387 or 13%.

Details of expenditures against the budget estimates are provided in Table 21.2.

TABLE 21.2: APPROPRIATION STATEMENT FOR 2008

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	1,570,700	---	1,570,700	1,391,266	---	179,434
2	Unestablished Staff	153,600	---	153,600	155,102	---	(1,502)
3	Travel & Communication	117,800	---	117,800	94,957	---	22,843
4	Maintenance & Operations	143,100	---	143,100	118,050	---	25,050
5	Purchase of Goods & Services	346,200	---	346,200	275,954	---	70,246
6	Operating Grants & Transfers	405,000	---	405,000	320,406	---	84,594
7	Special Expenditure	1,370,000	---	1,370,000	1,234,952	---	135,048
	Total Operating Costs	4,106,400	---	4,106,400	3,590,687	---	515,713
	Capital Expenditure						
8	Capital Construction	---	---	---	---	---	---
9	Capital Purchases	---	---	---	---	---	---
10	Capital Grants and Transfers	200,000	---	200,000	132,500	---	67,500
	Total Capital Expenditure	200,000	---	200,000	132,500	---	67,500
13	Value Added Tax	247,200	---	247,200	223,026	---	24,174
	TOTAL EXPENDITURE	4,553,600	---	4,553,600	3,946,213	---	607,387

21.5 Statement of Losses

The Department of Youth and Sports was in the process of carrying out its annual Board of Survey. Hence no Statement of Losses was furnished for the financial year ended 31/12/08.

21.6 FNPF Reconciliation

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee is employed by him and in the month following the termination of such

employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.¹

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

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

TABLE 21.3: VARIANCE BETWEEN FNPF RECONCILIATION AND PAYROLL EXPENDITURE

Details	Amount \$
(a) Total FNPF against salaries and wages for 2008:	
FNPF as per financial statement	122,649.05
Less: December 2007 FNPF	28,107.20
	94,541.85
Add: December 2008 FNPF	21,616.90
FNPF for 2008	116,158.75
Gross Pay subject to FNPF (\$84,300.16 / 0.08)	1,451,984.38
(b) Salaries and Wages for 2008 subject to FNPF	
Salaries, wages and allowances as per financial statement	1,649,020.99
Less: Salaries, wages and allowances for 2008 not subject to FNPF	19,062.97
	1,629,958.02
Un-reconciled Variance	177,973.64

Employees FNPF contributions have been short-paid. This is a result of lack of regular reconciliation and supervisory control over FNPF records.

Recommendation

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

Department's Comments

Your comment is noted. Officers responsible are requested to look into the issue raised. Stringent measures are being put in place to ensure records and reconciliation statements are manually checked against individual FNPF cards.

21.7 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.²

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

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

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.³

The department failed to prepare VAT reconciliations for 2008. Audit noted an un-reconciled balance of \$30,788.91 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Table 21.4 below for details:

TABLE 21.4: VARIANCE BETWEEN VAT RETURNS AND INCOME/EXPENDITURE AS PER FINANCIALS

Details	Amount \$
Total expenditure/income as per Expenditure Statement	3,946,314.19
Less: Expenditure not subject to VAT – SEG 1,2, 6 and 10	1,999,274.70
Total expenditure/income subject to VAT	1,947,039.49
Less: Total taxable supplies as per VAT Returns	1,916,250.58
Un-reconciled variance	30,788.91

In addition, a difference of \$10,109.56 was noted between the actual VAT payments for the year 2008 and the balance disclosed in the general ledger as reflected in Table 21.5 below.

TABLE 21.5: VARIANCE BETWEEN ACTUAL VAT PAYMENTS AND FMIS RECORDS

Details	Amount \$
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	223,026.29
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2008	212,916.73
Un-reconciled variance	10,109.56

The discrepancies were results of lack of regular reconciliation and supervisory control over VAT records.

Recommendations

- **The Department should review its VAT records and provide explanations for the variances.**
- **The Department should ensure monthly Vat reconciliations are prepared to ensure that correct Vat payment are made to relevant authorities.**
- **Supervisory checks on the preparation of VAT Returns should be improved to ensure that balances reflected in the VAT Returns reconcile with the GL.**

Department's Comments

We have noted your concern to review our Vat Records and that supervisory check should be carried out on the preparation of vat returns. We have also noted the anomalies highlighted in the report. You may note that the variances are not adjusted via a journal voucher but only to the vat summary which is normally done at the end

³ Finance Circular No 9/95

of the month. The Officer responsible has been advised to properly check and reconcile vat returns against GL on a monthly basis.

21.8 Operating Trust Fund Account

Trust Fund Accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, Trust money is to be accounted for separately from public money and other money⁴ and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.⁵

Moreover, each month, the trust account shall be balanced and reconciled to the trust bank account. The names and balances of each account shall be listed and the reconciliations shall be signed by the responsible officer. Un-reconciled items should be investigated and resolved promptly.⁶

Contrary to the above regulations, audit noted the following anomalies:

- (1) The correctness and accuracy of the receipts and payments of trust account balance provided in the Financial Management Information System (FMIS) could not be ascertained when compared to the Department's record. Refer to the Table 21.6 below for details.

TABLE 21.6: VARIANCE BETWEEN DEPARTMENT'S FIGURE AND FMIS RECORDS

Records of	Opening Balance \$	Receipts \$	Payments \$	Closing Balance \$
Department	364,637.54	3,646,978.99	3,723,030.72	288,585.81
FMIS	367,269.54	3,696,528.59	3,775,212.32	288,585.81

- (2) As at 31/12/08, the following sub-trust fund accounts had overdrawn balances (debit balances).

TABLE 21.7: OVERDRAWN TRUST FUND ACCOUNTS

Code	Description	Amount \$
12510125101861101	202 PD OPR Current	248.38
12510125101861203	242 PD NMLA	3.35
12510125101861306	263 PD Housing	67.25
12510125101861533	Wes ram Finance	265.29
12510125101861601	341 PD Maintenance Other	120.00
12510125101861920	501 PD Employers	4,050.38
Total		4,754.65

The overdrawn trust fund accounts contained unauthorised expenditures. These were results of lack of adequate supervision over trust fund accounts and disregard for procedures in the Finance Instructions.

⁴ Section 25 (1) of the Financial Management Act

⁵ Finance Circular No. 4/98 of 30/03/98

⁶ Section 69 (3) – Finance Instruction 2005

Recommendations

- **The Department should ensure that the Trust Fund Account reconciliation are prepared on a monthly basis and is verified and reconciled with the records provided in the Financial Management Information System**
- **The Department should investigate the overdrawn (debit) trust fund accounts and appropriate action taken against the officers responsible for the non-compliance with the Finance Instructions.**

Department's Comments

The Department's Trust Fund account is reconciled and verified on a monthly basis with copies sent to the Ministry of Finance and Auditor General's Office. The debit balances highlighted in the report were due to mispostings and have been regularized via journal vouchers.

21.9 Revolving Fund Account – Miscellaneous

A ledger shall be maintained for advances and revolving fund accounts⁷. Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Accounts Supervisor shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.⁸

In addition, the Revolving Fund Account Miscellaneous by their nature should always reflect debit balances, as this account is used to record all accountable advances, dishonoured cheques, losses/thefts, surcharges and any unclaimed money.⁹

The Department's RFA Miscellaneous account reflects a credit balance of \$86,646.98 as at 31/12/08. The correctness of these credit balances could not be substantiated during the audit.

Furthermore, a variance of \$321 between the Department records and the FMIS records was noted as follow:

TABLE 21.8: VARIANCE BETWEEN DEPARTMENT RECORD AND FMIS RECORD

Records Of	Balances \$
FMIS	(86,646.98)
Departments Record	(86,967.98)
Variance	321.00

The above variance indicates that the monthly Revolving Fund reconciliations may not have been thoroughly scrutinised and checked by the Accounting Head.

Recommendations

- **The Department should reconcile their Revolving Fund Accounts to eliminate the anomalies.**
- **The Accounting Head should thoroughly check and reconcile the monthly reconciliations with the FMIS in accordance with Finance Manual.**
- **Concerted efforts should be made to clear the long outstanding balances in the RFA.**

⁷ Section 16.3.1 – Finance Manual 2005

⁸ Section 16.3.3 – Finance Manual 2005

⁹ Page 235 of the Accounting Training Manual

Department's Comments

We agree with your report stating that a credit balance of \$86,646.98 was reflected in the reconciliation statement as at 31/12/08. However the 50% repayment from Vatukoula re-habilitation programme is also deposited into this account. Other funds were identified as stale cheques, bond payments and mispostings and we are in the process of regularizing these charges.

AUDIT FINDINGS**21.10 Non – Submission of Acquittals**

The recipient organisation within two weeks of utilising the grant is required to return to the Department evidence of expenditure with all acquittal details including recipients, invoices and vouchers before the end of each quarter for the release of the next grant.¹⁰

The following sporting bodies failed to submit their acquittals for the financial assistance provided by the Department:

TABLE 21.9: ORGANISATIONS & SPORTING BODIES WHO FAILED TO PROVIDE ACQUITTALS

Date	Recipient	Amount \$	Date Followed Up
04/01/08	Fiji Bowling Association	5,000	09/01/09
29/07/08	Fiji Bowling Association	1,500	09/01/09
28/08/08	Fiji Secondary Schools Rugby Union	2,000	12/01/09
25/11/08	Fiji Weightlifting Association	7,000	12/01/09
19/11/08	Fiji Hockey Federation	8,900	12/01/09
15/08/08	Fiji Secondary Schools Netball Association	3,000	12/01/09
04/02/08	National Golf Association of Fiji	6,120	12/01/09
Total		33,520	

The Department has not been effective in monitoring and following up acquittals with recipients. As a result, audit could not substantiate whether grants have been utilized for intended purposes.

This issue has been raised in the past audit reports but no improvement have been made.

Recommendations

- The Department to follow up again with the above mentioned recipients to submit their acquittals.
- Also the Department should ensure that all acquittals are properly scrutinized and vetted before accepting the charges.

Department's Comments

National Sporting Organisations [NSO] are administered by volunteers whom in their spare time, attend to NSO affairs thus the timely submission of acquittal details of within the two-week period is hardly adhered to.

¹⁰ Agreement with the Government of the Republic of Fiji Islands and Sports Association.
Department of Youth and Sports

However, the Department usually sends out its first reminder upon the lapse of two weeks from the date, which the activity/program finishes. Upon non-submission, the Department sends additional reminders whereby both notices indicates that the NSO will not be entitled to further sports grants until the previous sports grant is acquitted.

Should NSO utilize funds for purposes other than the purpose for which it was given, prior approval must be sought from the Department of Youth and Sports.

For those NSO identified not submitting acquittals within the specified time have been duly reminded to submit the same. Failure to do so would result in no further grants [if any] given to them. Our explanations below identifies the steps undertaken by the Sports Unit of the Department of Youth and Sports for each of the NSO that had failed to submit their acquittal details on the utilisation of sports grants disbursed to them:

1. Fiji Bowling Association:
Department had issued three (3) reminders for submission of acquittals. Fiji Bowling has failed to response to any of the three reminders.
2. Fiji Secondary Schools Rugby Union:
Reminder sent on 9th January and Department is yet to receive their response.
3. Fiji Weightlifting Association:
Sport had submitted their acquittal details on Wednesday 11.03.09 following a reminder sent on 9th January. There were some discrepancies and Fiji Weightlifting has been requested to clarify this.
4. Fiji Hockey Federation:
Reminder sent on 9th January and the Department is yet to receive their response.
5. Fiji Secondary Schools Netball Association:
Report and acquittals received on 06.04.09 following a reminder sent to FSSNA on 9th January.
NB: Report yet to be forwarded from the office of the Acting Director for Youth and Sports.

21.11 EGM Redundant Workers Rehabilitation Programme

A Budgetary allocation of \$600,000 was provided for the Vatukoula Rehabilitation Programme (VRP) to assist the miners after the mine closed on 05/12/06. The time frame for implementation of the VRP was in 2007. In addition, based on a Cabinet decision on 13/02/07, a memorandum of understanding was reached between the Department and the Mine Workers for the recovery of the 50% financial assistance given to the recipients. Grant recipients were to pay in monthly installments 50% of the assistance after one month of receipt of the grant.

Under the VRP, a total of 210 redundant miners were provided financial assistance amounting to \$422,482 of which the Department was to recover 50% (\$211,241) from the miners.

Audit noted that the Department only managed to recover \$14,575 as at 25/11/08. The remaining \$196,666 is still to be recovered as detailed in Table 21.10.

TABLE 21.10: DETAILS OF FINANCIAL ASSISTANCE & REPAYMENTS OF REDUNDANT MINERS

Assistance Type	No. Assisted	Total Assistance Provided \$	50% to be recovered \$	No. started Repayment	50% Recovered \$	Outstanding Balance \$
Tertiary Education Assistance	140	188,428.00	94,221.00	10	905.00	93,316.00
SME Scheme Assistance	70	234,054.18	117,027.09	26	13,669.69	103,326.90

Assistance Type	No. Assisted	Total Assistance Provided \$	50% to be recovered \$	No. started Repayment	50% Recovered \$	Outstanding Balance \$
Total	210	422,482.18	211,248.09	36	14,574.69	196,642.90

Refer to **Appendix 21.2** for details.

In addition, out of the 210 recipients provided with the assistance, only 36 have started their repayments.

The Department failed to monitor the Small Micro Enterprise (SME) projects by following up with recipients who have defaulted their repayments. It has also failed to comply with the Cabinet decision and the memorandum of understanding governing the recovery of 50% for the financial assistance provided.

Recommendations

- The Department should follow up with the recipients who are in default of their repayments.
- Site visits/inspection should be carried out for the SME projects and a report prepared for it.
- Proper debt recovery measures should be implemented by the Department in order to effectively recover the substantial amount of revenue owed by the workers.

Department's Comments

The collection of the 50% of assistance given to the redundant miners in 2007 is indeed a challenging task. This is given the "bad faith" stigma prevailing in Vatukoula well before the redundancy in 2006 and rehabilitation in 2007. The compensation claims by the Miners of Vatukoula that ran into the tune of \$45m is now water under the bridge, given the fact that the Vatukoula miners were never covered under the old Employment Act. Moreover, the fact that the additional \$6m assistance from Vatukoula Mining Management which is yet to materialize is very much vivid in the minds and hearts of the Vatukoula redundant miners.

This challenge to follow-up is even greater given the fact that no monetary allocation is provided for the follow-up and recovery of this assistance for both 2008 and 2009. The Vatukoula Redundant Workers Rehabilitation Programme was a project by itself undertaken by Project Officers who were contracted for 2007 only to undertake the rehabilitation.

However, given these challenges, the following steps will be undertaken to recover these dues from the redundant miners:

- A Cabinet Paper will be prepared seeking Cabinet endorsement to make direct deduction from the respective redundant miners FNPF account to recover their dues; and*
- The current administration at the mine be re-visited and requested to make direct deductions from those that have been re-employed*
- A separate business site visitation will be undertaken in Vatukoula immediately to verify sustainability of SMEs.*

21.12 National Youth Service Scheme

The National Youth Service Scheme aims to create employment opportunities for the Youths, engage youths in volunteer services and eventually create employment opportunities for the youths through proper training facilities.

The Department through its National Youth Service Scheme (NYSS) provided financial assistance to 215 youths amounting to \$80,690 as at 31/12/08. Out of this \$80,690, the Department was to recover

50% (or \$40,345) of the grant within the stipulated timeframe as per the respective recipient's memorandum of understanding.

Audit noted that the Department has only recovered \$86.34 to date and that it has a poor debt collection mechanism in place. It failed to follow up with the recipients who had default their repayments and as a result the amount of \$40,258.66 is still to be collected.

Recommendation

The Department should follow up with the recipients and attempt all avenues to recover the respective sums before they loose track of them.

Department's Comments

Given that the NYSS was implemented for the first time in 2008, these are the specific steps to be undertaken to recover the 50% of total assistance. The application of "good faith" principle is and will be the overriding strategy for this 50% recovery. Young people will continue to be informed and requested given the NYSS assistance to make a difference in their lives about their responsibility and commitment to repay assistance once they've gained employment. The fact that some clients have re-paid their full 50% as well as some making commitment to pay is a positive indication of "good faith" replied by clients. Good Faith as one of the main pillars of the Employment Relations Act [2007] is very important to inculcate to the young people for the long term sustainability and welfare of our country.

The Agreement signed with the clients gave them a one year period to make their 50% re-payment. All three Divisions will be reminded to convey to clients to keep their commitment to the NYSS particularly their 50% re-payment and to constantly update their Divisional Offices of their status. The NYSS Unit will re-emphasize to the Divisions the important need to monitor clients including their re-payment.

Northern Division

Recovery of Revenue

Most of our registered clients who were trained in 2008 are now in the Work Attachment and Volunteer Phases and have yet to secure paid employment. A Memorandum of Agreement was entered into between the individual youth and the Department that they will start their repayment as soon as they have secured themselves with a paid job. As of now while youths are still on work attachment or volunteer they cannot make any payments as we are still giving them allowances. We strongly believe that these youths will start their repayment as soon as they have a secure job and that is when we can always go back to them with the signed Memorandum.

21.13 Small Micro Enterprises (SME's) Projects 2007 – 2008

Small Micro Enterprise Group Assistance Guideline 15 states that reports regarding the projects operation, income generated/bank statements should be forwarded to the Headquarters to inform the Department that the project is running as it should be. In addition, Guideline 16 states that regular visits by officers of the Department to communities are important in the sustainability of the project.

Through its Small Micro Enterprise scheme, the Department provided financial assistance to 83 recipients in 2007 and 3 recipients in 2008. The Department contributed two thirds upon receiving upfront payments of one third from the respective recipients. Refer to Table 21.11 for contribution details.

TABLE 21.11: CONTRIBUTION DETAILS

Year	No of Recipients	Recipients Contribution \$	Government Assistance \$	Total \$
2007	83	28,958	57,917	86,875
2008	3	5,731	5,731	11,462
Total	86	34,689	63,648	98,337

The Department was to report to the Ministry of Finance about the status and sustainability of all the SME projects in 2008, however as at 28/02/09 no such report was prepared and no follow up action was instigated.

The Department failed to effectively monitor and follow up with the recipients and as such would not be able to track recipients who have diverted away from their SME projects.

Recommendations

- Site visits/inspection should be carried out for the SME projects and a report submitted to the Ministry of Finance.
- The Department should ensure that proper monitoring and follow up process is in place to obtain proper value for money.
- Guidance and technical advice should be provided to recipients to enhance the progress of their ventures.

Department's Comments

North

We were unable to visit the 15 group SME's that were visited in 2007 and also the 10 Individual SMEs. We were all committed to the NYSS Programme and there are only 3 officers in the Division to look after the whole Divisional Programme. However, youth groups and individuals have been submitting monthly reports which are one way where we could monitor the progress of our assisted SMEs.

There is definitely a need to re-visit our 2007 & 2008 SMEs for tracking purposes and to find out how the SMEs are progressing.

Central Eastern Division

The following provinces in the Central Division were monitored in 4th quarter, 2008 by Youth Officers responsible i.e.

- *Naitasiri – 6 youth groups and 3 individuals*
- *Namosi – 1 individual*
- *Tailevu – 8 youth groups*

The above groups were assisted with SME in 2007.

West

The following Youth groups were also visited by our Youth Officers in 2007.

VISITED YOUTH GROUPS AND INDIVIDUALS

PROVINCE		YOUTH GROUPS	INDIVIDUAL
Ba	1	Nanuku YC	Solomoni Masicola
	2		Herald Ram
	3		Viliame Raituku

PROVINCE		YOUTH GROUPS	INDIVIDUAL
Nadroga/Navosa	1	Malomalo Y.C	
	2	Malomalo Vill. Y.C	
	3	Navisabasaba Y.C	
	4	Batiri Y.C	
	5	Bula Tale Y.C	
	6	Nasau Y.C	
	7	Hotspring Y.Dev	
	8	Lesu Tale Kinadruku Y.C	
	9	Nasama Y.C	
	10	Yadua Y.C	
	11	Iteni Young Farmers Hanahana Y.C	
	12	Cuvu Y.C	
	13	Veilomani Y.C	
	14	Tagitagi Y.C	
	15	Sandhill Youth & Social Club	
	16	Koroua Y.C	
	17	Wakaju Y.C	
	18	Vunarewa Y.C	
	19	Noqi Y.C.	
	20	Nadralla Y.C	
	21	Narata Y.C	
	22	Nakabuta Youth Group	
	23	Dubalevu SDA Y.C	
	24	Vunahoni Y.C	
	25	Naduri Village YC	
	26	Sigatoka Youth League	
Ra	1	Navolau YC	Malakai Motu
	2	Nubumakita YC	Joji Lutunaivalu
	3	Matanasau YC	
	4	Nawayaga YC	
	5	Draukasea YC	
	6	Wai Youth Club	
	7	Rokoroko YC	

The Department continually engages the services of Youth Coordinators and Youth Workers whose allowances are paid on a quarterly basis. They also visit, monitor and report on the progress of Youth groups from their respective provincial level.

Appendix 21.1: Statements of Output Costs**Portfolio Leadership Policy Advice and Secretariat Support 2008**

Description	2008 \$	2007 \$
EXPENDITURES		
Operating Expenditure		
Established Staff	463,108	546,713
Unestablished Staff	54,276	57,303
Travel & Communication	37,281	37,758
Maintenance & Operations	35,893	38,042
Purchase of Goods & Services	112,974	136,516
Operating Grants & Transfers	---	134
Special Expenditures	---	1,092,380
Total Operating Expenditure	703,532	1,908,846
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	---
Value Added Tax	28,827	222,187
TOTAL EXPENDITURE	732,359	2,131,033

Youth Advisory and Advocacy 2008

Description	2008 \$	2007 \$
EXPENDITURES		
Operating Expenditure		
Established Staff	93,643	101,459
Unestablished Staff	---	---
Travel & Communication	3,517	3,458
Maintenance & Operations	806	991
Purchase of Goods & Services	15,399	15,763
Operating Grants & Transfers	---	177
Special Expenditures	---	---
Total Operating Expenditure	113,365	121,848
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	---
Value Added Tax	2,721	14,542
TOTAL EXPENDITURE	116,086	136,390

Training and Empowerment, Employment Promotion and SME Development 2008

Description	2008 \$	2007 \$
EXPENDITURES		
Operating Expenditure		
Established Staff	728,514	697,531
Unestablished Staff	82,987	69,043
Travel & Communication	41,154	30,938
Maintenance & Operations	60,269	58,170
Purchase of Goods & Services	35,415	37,046
Operating Grants & Transfers	22,739	262,207
Special Expenditures	1,027,381	386,191
Total Operating Expenditure	1,998,459	1,541,126
Capital Expenditure		
Capital Construction	---	140,404
Capital Purchases	---	---
Capital Grants & Transfers	---	63,050
Total Capital Expenditure	---	203,454
Value Added Tax	141,237	154,121
TOTAL EXPENDITURE	2,139,696	1,898,701

Sports Development 2008

Description	2008 \$	2007 \$
EXPENDITURES		
Operating Expenditure		
Established Staff	106,001	99,174
Unestablished Staff	17,839	15,147
Travel & Communication	13,005	17,194
Maintenance & Operations	21,082	15,400
Purchase of Goods & Services	112,165	123,783
Operating Grants & Transfers	297,668	714,407
Special Expenditures	207,571	983,536
Total Operating Expenditure	775,331	1,968,641
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	132,500	8,533
Total Capital Expenditure	132,500	8,533
Value Added Tax	50,242	160,668
TOTAL EXPENDITURE	958,073	2,137,842

Appendix 21.2: EGM Redundant Workers**Tertiary Education Assistance**

Names	Amount Approved \$	50% Repayment \$	Date MOU Signed	Amount Paid \$	Balance \$
Adi Miriama	2,250	1,125	03/07/07	---	1,125
Paula Koro	3,090	1,545	24/05/07	---	1,545
Sanaila Delana	1,250	625	03/12/07	---	625
Semesa Lewai	3,090	1,545	04/07/07	---	1,545
Romeo Baleimakogai	3,090	1,545	24/05/07	---	1,545
Sakiusa Boladai	950	475	06/07/07	---	475
Vinal Sharma	2,150	1,075	20/04/07	---	1,075
Nitesh Sharma	1,650	825	19/04/07	---	825
Sanaila Kenaiboi	2,150	1,075	24/08/07	---	1,075
Emele Buluilagi	1,850	925	01/06/07	---	925
Akanisi Ratuvaakabogiwalu	2,250	1,125	01/05/07	---	1,125
Maciu Rogoiruwai	3,500	1,750	27/04/07	---	1,750
Aman Bhagwan	2,700	1,350	22/05/07	---	1,350
Kelera Nasilasila	500	250	03/07/07	---	250
Joeli Senivota	3,700	1,850	27/04/07	---	1,850
Seremaia Ravono	250	125	2007	125	0
Lakesio Katudrau	440	220	24/05/07	---	220
Atunaisa Raralevu	4,000	2,000	23/04/07	---	2,000
Torika Tamanisau	2,010	1,005	23/05/07	---	1,005
Rt Aca Vitukawalu	2,580	1,290	02/11/07	---	1,290
Krishneel Kumar	300	150	15/08/07	---	150
Rt Revoni Nawadradra	1,082	541	10/08/07	---	541
Aisake Bale	2,610	1,305	21/08/07	---	1,305
Paula Tuilau	2,150	1,075	30/03/07	---	1,075
Joni Tabuya	1,500	750	23/05/07	---	750
Filipe Waqatabu	1,740	870	19/10/07	---	870
Rakesh Kumar	2,150	1,075	20/04/07	---	1,075
Mitili Tuirabe	750	375	27/09/07	---	375
Apenisa Ragadi	950	475	28/09/07	---	475
Filipe Waqatabu	1,740	870	19/10/07	---	870
Apenisa Ragadi	950	475	28/09/07	---	475
Kunusi Samisoni	1,550	775	19/10/07	---	775
Sailosi Sirisirivalu	1,550	775	19/10/07	---	775
Timoci Rabuli	750	375	05/11/07	---	375
Filipe Saki	950	475	28/09/07	---	475
Josefa Muana	2,580	1,290	14/10/07	---	1,290
Aviuta Loco	1,250	625	10/09/07	---	625
Joeli Naibilakele	1,910	955	05/02/08	---	955
Vilikesa Ralagakali	885	443	02/11/07	---	443
Penaia Vakavulibau	1,120	560	05/10/07	---	560.
Naveen Chand	1,050	525	01/11/07	30	495
Krishneel Kumar	300	150	15/08/07	---	150
Nilesh Kumar	650	325	06/09/07	---	325
Jone Ramacake	900	450	17/09/07	---	450
Eremasi Ratulevu	1,550	775	30/03/07	---	775
Mosese Narogai	2,760	1,380	2007	---	1,380
Osea Sauvi	2,580	1,290	10/08/07	---	1,290
Veresa Taqase	2,250	1,125	09/08/07	---	1,125
James Mcmillan	2,610	1,305	09/08/07	---	1,305

Names	Amount Approved \$	50% Repayment \$	Date MOU Signed	Amount Paid \$	Balance \$
Simeli Navataukalou	2,150	1,075	10/08/07	---	1,075
Melton Robinson	2,150	1,075	2007	---	1,075
Eleni Naidede	2,150	1,075	13/04/07	---	1,075
Suruwaia Moceituba	2610	1,305	11/07	---	1,305
Phul Chand	1,450	725	05/09/07	---	725
Isimeli Fiu	1,207	604	25/05/07	---	604
Sitiveni Caucau	2,150	1,075	2007	---	1,075
Sikeli Naucubalavu	4750	2,375	21/05/07	---	2,375
Ratu Ilisoni Naiteqe	2,350	1,175	22/06/07	50	1,125
Tevita Gaunavou	1,131	566	12/06/07	---	566
Jonetani Masi	529	264	19/10/07	---	265
Amitesh Nand	560	280		---	280
Saveti Walai	234	117	27/07/07	20	97
Tomasi Tamani	717	359	27/04/07	---	359
Savenaca Rabuka	928	464	27/09/07	50	414
Sanjay SP Singh	1,250	625	23/04/07	110	515
Karaisitiana Tuidraki	711	355	27/09/07	---	356
Eminioni Caucau	364	182	27/09/07	---	182
Riteshwar Prasad	374	187	02/11/07	---	187
Rajnish Chand	364	182	02/11/07	---	182
Joseteki Guilevu	434	217	19/01/07	---	217
Nemani Baleinaceva	646	323	01/11/07	---	323
Qiotaka Naseu	1,700	850	25/05/07	---	850
Evia Raiwasa	818	409	23/05/07	---	409
Kama Seru	2,150	1,075	04/07/07	50	1,025
Setoki Tamani	768	384	13/05/07	---	384
Vijay Chand	418	209	10/08/07	---	209
James Peckham	340	170	25/10/07	---	170
Vilisi Navue	1,000	500	04/07/07	---	500
Miriame Vono	698	349	28/09/07	---	349
Alifereti Tuidravuni	4,601	2,301	20/04/07	---	2,301
Tomasi Tuivuna	1,159	579	2007	---	580
Kalaveti Tukutukulevu	760	380	24/05/07	---	380
Laisiasi Vinakadina	716	358	23/05/07	---	358
Mohammed Sahiban	400	200	2007	---	200
Reginal Prasad	493	247	09/08/07	---	247
Ovini Lawaki	701	351	06/09/07	---	351
Atish Chand	368	184	05/09/07	---	184
Mohamed Khan	400	200	06/09/07	---	200
Niumaia Salusalumatau	761	381	06/09/07	---	381
Harish Kumar	754	377	06/09/07	---	377
Tevita Rokodakunivosa	1,244	622	29/08/07	---	622
Joseph Peckham	1,230	615	2007	---	615
Ralifo Ratusau	600	300	24/08/07	50	250
Amendra Singh	348	174	06/09/07	---	174
William Peters	1,013	507	20/08/07	---	507
Akuila Cika	500	250	04/07/07	---	250
Paniana Siteri	740	370	28/08/07	---	370
Isaia Varamusu	740	370	28/08/07	---	370
Joseva Walker	2,300	1,150	28/06/07	---	1,150
Viliame Rokonui	330	165	19/10/07	---	165
Josateki Guivalu	1,400	700	19/10/07	---	700
Lelea Malimali	560	280	01/11/07	---	280

Names	Amount Approved \$	50% Repayment \$	Date MOU Signed	Amount Paid \$	Balance \$
Ratu Tabakaucoro	2,000	1,000	27/09/07	---	1,000
Jare Josaia	1,150	575	24/04/07	---	575
Jese Rasalato	560	280	2007	---	280
Aminisitai Ligairi	500	250	13/07/07	---	250
Penaia Tabaucoro	1,250	625	19/10/07	---	625
Rebecca Rigamoto	2,000	1,000	03/07/07	---	1,000
Timoci Rasaqanawa	1,250	625	2007	---	625
Epi Lailai	2,160	1,080	04/07/07	---	1,080
Vilikesa Navesikula	1,400	700	04/07/07	---	700
Reena Sharma	2,000	1,000	01/11/07	---	1,000
Fredrik Gerad	520	260	19/10/07	50	210
Maraia Cagilaba	300	150	28/09/07	---	150
Selita Naulumatua	330	165	2007	---	165
Samuela Ramalevu	520	260	28/09/07	---	260
Bupendra Ram	410	205	27/04/07	---	205
Waisea Valutukali	110	55	27/09/07	---	55
Apisalome Soronaivalu	330	165	13/11/07	---	165
Wame Tokia	1,150	575	2007	---	575
Nemani Vacenayawa	300	150	01/11/07	---	150
Jese Tuilau	590	295	2007	---	295
Thomas Alic Dyer	1,699.50	850	2007	---	850
Hemant Kumar	1,986.07	993	24/05/07	370	623
Hemant Kumar	1,986	993	02/11/07	---	993
Sharwan Kumar	2,010	1,005	2007	---	1,005
Avneel Atish Kumar	2,499	1,250	28/09/07	---	1,250
Wilson Cox Ratudei	2,240	1,120	24/08/07	---	1,120
Emosi Mataibau Kunaulu	190	95	06/09/07	---	95
Aporosa Kenatale	570	285	01/11/07	---	285
Nasoni Tuigaloa	421	211	2007	---	211
Torika V Nayabo	2,250	1,125	03/07/07	---	1,125
Jone Radaniva	1,700	850	2007	---	850
David Bhurra	1,200	600	2007	---	600
Ana Selaita	290	145	2007	---	145
Elenoa Senivota	900	450	04/07/07	---	450
Sireli Turagabeci	900	450	04/07/07	---	450
Peni Volau	1,200	600	11/10/07	---	600
Samuela Naduaono	1,200	600	04/10/07	---	600
Aporosa Kenatale	570	285	28/09/07	---	285
Total	188,428	94,218		905	93,316

Small Micro Enterprises (SME's) Scheme Assistance

Names	Amount Approved \$	50% Repayment \$	Date	Amount Paid \$	Balance \$
Nemani Cakaunitabua	1,669.00	834.50	13/07/07	---	834.50
Ilisabeta Buta Naituku	2,000.00	1,000.00	27/07/07	200.00	800.00
Josateki Koroiwaca	4,190.00	2,095.00	27/07/07	100.00	1,995.00
Manoa. T. Radrodro	5,000.00	2,500.00	27/07/07	---	2,500.00
Rajeshwar Prasad	5,000.00	2,500.00	31/07/07	2,500.00	Amount Cleared
2 nd Application	5,000.00	2,500.00	Jan, 2008	400.00	2,300.00
Akuila Tawakedrau	5,000.00	2,500.00	August, 2007	---	2,500.00

Names	Amount Approved \$	50% Repayment \$	Date	Amount Paid \$	Balance \$
Sanjay Kumar	5,000.00	2,500.00	August, 2007	1250.00	1,250.00
Iiavi Nawaqa	2,500.00	1,250.00	03/08/07	1250.00	Amount Cleared
Sainivalati Kenatale	2,500.00	1,250.00	03/08/07	---	1,250.00
Jale Uluafe	2,500.00	1,250.00	03/08/07	---	1,250.00
Sagaitu Petero	2,000.00	1,000.00	03/08/07	---	1,000.00
Joni Tabuya	5,000.00	2,500.00	10/08/07	700.00	2,400.00
Tomasi Tuivuna	4,330.00	2,165.00	24/08/07	---	2,165.00
Akanisi Samanunu	2,500.00	1,250.00	31/08/07	80.00	1,170.00
Joseph Peckham	5,000.00	2,500.00	31/08/07	500.00	2,000.00
Suliasi Nataucema	5,000.00	2,500.00	September, 2007	---	2,500.00
Wainikiti Cavalevu	3,500.00	1,750.00	September, 2007	---	1,750.00
Teresia Daraga	2,500.00	1,250.00	September, 2007	---	1,250.00
Vilisi Navue	2,500.00	1,250.00	September, 2007	1,200.00	Amount Cleared
Josese Naliva	5,000.00	2,500.00	September, 2007	---	2,500.00
Aminisitai Rakoli	5,000.00	2,500.00	07/09/07	170.00	2,330.00
Kalinisei Noa	1,985.00	992.50	14/09/07	200.00	792.50
Jimione Mata	1,500.00	750.00	28/09/07	---	750.00
Shalvin Prakash	4,666.04	2,333.02	October 2007	300.00	2,033.02
Aminisitai Ligari	2,500.00	1,250.00	October, 2007	---	1,250.00
Malakai Koro	2,500.00	1,250.00	02/10/07	---	1,250.00
Anare Kolinio	1,500.00	750.00	05/10/07	---	750.00
Vijay Kumar	5,000.00	2,500.00	Nov, 2007	2,500.00	Amount Cleared
2 nd Application	5,000.00	2,500.00		150.00	2,350.00
Krishna Reddy	2,245.00	1,122.50	December, 2007	70.00	1,022.00
Mere Ledua	5,000.00	2,500.00	December, 2007	228.00	2,272.00
Percy Thomas	3,956.86	1,978.43	28/09/07	100.00	1,878.43
Laisiasa Vinakadina	5,000.00	2,500.00	November 2007	---	1250
Elesi Vuru	2,500.00	1,250.00	October 2007	---	1,250.00
Jare Bantrict	2,448.00	1,224.00	November 2007	61.69	1,142.31
Lekima Rokolisoa	5,000.00	2,500.00	September 2007	---	2,500.00
Pita Rawaibula	5,000.00	2,500.00	December, 2007	400.00	2,100.00
Kalyam Suman	3,672.00	1,836.00	December, 2007	320.00	1,516.00
Shiu Goundar	3,656.90	1,828.45	January, 2008	100.00	1,728.45
Seremaia Ravula	2,438.02	1,219.01	January, 2008	---	1,219.01
Pauliasi Qio	2,500.00	1,250.00	December, 2007	---	1,250.00
Merewai Motea	2,425.30	1,212.65	January, 2008	170.00	1,212.65
Vinesh Kumar	5,000.00	2,500.00	November 2007	400.00	2,500.00
Semi Delai	2,500.00	1,250.00	December, 2007	---	1,250.00
Rohit Sanjay Kumar	2,500.00	1,250.00	November 2007	100.00	1,150.00
Nil Arun Kumar	2,500.00	1,250.00	December, 2007	---	1,250.00
Ben Peckham	2,500.00	1,250.00	December, 2007	---	1,250.00
Jone Havea	2,500.00	1,250.00	November 2007	---	1,250.00
Lemeki Koro	2,500.00	1,250.00	December, 2007	---	1,250.00
Waisea Bainivalu	1,210.00	605.00	December, 2007	---	605.00
Josua Dugu	2,500.00	1,250.00	January, 2008	---	1,250.00
Tevita Moce	2,500.00	1,250.00	January, 2008	---	1,250.00
Praveen Kumar	2,500.00	1,250.00	December, 2007	---	1,250.00
Melenia Waqa	2,500.00	1250.00	November 2007	---	1,250.00
Naveen Chand	2,499.00	1,249.50	December, 2007	---	1,249.50
Shalend Raju	4,666.54	2,333.27	December, 2007	---	2,333.27
Epeli Nailatikau	5,000.00	2,500.00	March, 2008	---	2,500.00
Salote Marama	4,066.02	2,033.01	March, 2008	---	2,033.01
Ravindra	2,500.00	1,250.00	January, 2008	---	1,250.00

Names	Amount Approved \$	50% Repayment \$	Date	Amount Paid \$	Balance \$
Kishore Chand	4,000.00	2,000.00	February, 2008	180.00	1,820.00
Rajesh Prasad	4,000.00	2,000.00	January, 2008	---	2,000.00
Eroni Kau	3,429.70	1,714.85	January, 2008	---	1,714.85
Sikeli Namotokalou	1,500.00	750.00	April, 2008	---	750.00
David Kafoa	1,000.00	500.00	January, 2008	---	500.00
Sireli Lawa Turagabeci	1,000.00	500.00	February, 2008	---	500.00
Manand Kumar	2,000.00	1,000.00	January, 2008	---	1,000.00
Ajeshni Ashika Nand	4,000.00	2,000.00	April, 2008	---	1,970.00
Hari Krishna	4,000.00	2,000.00	February 2008	---	2,000.00
George Mario	3,000.00	1,500.00	March, 2008	---	1,500.00
Paula Nasuku	1,499.98	749.99	January, 2008	---	749.99
Salote Koroï	1,500.00	750.41	February 2008	40.00	690.41
Total	234,054.18	117,027.09		13,669.69	103,357.40

Section 22**Ministry of Primary Industries****Role and Responsibility**

The Ministry of Primary Industries needs to refocus, diversify, be market driven and improve efficiency in its service delivery to realise the sector's full potential. Diversification into niche export and domestic markets is therefore necessary. Thus, priority will be given to: Facilitate private sector involvement in the development of agri-business; capacity building of farmers to raise levels of production from semi-subsistence to commercial levels; and enhancement of Tourism and Agricultural linkages; promote food security and ensure sound land management and development.

In addition, the Forestry Department would promote further training and skills development through its Forestry Training Centres and support the sustainable development of Forest resources and processing with respect to national exports.

Similarly, the Department of Fisheries would strengthen its extension services, research and training capacity to facilitate fisheries and marine product processing for local and export markets

Table of Contents

CONSOLIDATED FINANCIAL STATEMENT	3
FINANCIAL STATEMENT – DEPARTMENT OF AGRICULTURE.....	3
22.1 Audit Opinion.....	3
22.2 Statement of Receipts and Expenditures.....	3
22.3 Statement of Output Costs.....	5
22.4 Appropriation Statement	5
22.5 Statement of Losses	5
22.6 Trade and Manufacturing Account.....	6
22.7 Trust Fund Account – LWRM and LRPD	8
AUDIT FINDINGS	8
22.8 FNPF Reconciliation	8
22.9 Non Consolidation of Budget Sector Agency Accounts	9
22.10 Unclaimed Revenue from Post Fiji Limited.....	9
22.11 Arrears of Revenue	10
22.12 Over Expenditure	11
22.13 Unsubstantiated Trading and Manufacturing Account Figures.....	12
22.14 Revolving Fund Account (Miscellaneous).....	12
22.15 Variance in Drawings Account Balance	13
22.16 Trust Fund Account.....	13
22.17 Report on Site Visit to Farms – Serua/Namosi	14
22.18 Breach of Procurement Authorities	15
22.19 Irregularities in Payments to Automech	17
22.20 Absence of Contract Agreement – National Bulldozing Limited	18
22.21 Significant Losses and Theft of Government Monies/Stores.....	19
22.22 Incinerator Funds for Purchase of Diesel Fuel - Post Entry Quarantine.....	20

22.23	Misappropriation of Revenue (Headquarters & AH&P)	21
22.24	Penalties on Non Payment of Value Added Tax.....	21
FINANCIAL STATEMENT – DEPARTMENT OF FISHERIES AND FORESTRY		23
22.25	Audit Opinion.....	23
22.26	Statement of Receipts and Expenditure	23
22.27	Statement of Output Costs.....	24
22.28	Appropriation Statement	24
22.29	Statement of Losses	25
22.30	Profit and Loss Statement – Trading and Manufacturing Activity	25
22.31	Statement of Receipts and Expenditure- Trust Account.....	26
AUDIT FINDINGS		26
22.32	Non Consolidation of Budget Sector Agency Accounts.....	26
22.33	VAT Reconciliation.....	27
22.34	Variance in the Drawings Accounts	28
22.35	Revolving Fund Account – Suspense.....	28
AUDIT FINDINGS – DEPARTMENT OF FISHERIES		29
22.36	Study Leave without Salary	29
22.37	Official Revenue Receipt not Issued by the Revenue Collector	30
22.38	Non Maintenance of Ponds at Naduruloulou	31
AUDIT FINDINGS – DEPARTMENT OF FORESTRY		32
22.39	Excessive Charges for Hire of Carrier EF 319.....	32
22.40	Overdue Ripping Charges	33
22.41	Non Submission of Timber Samples for Confirmatory Analysis	34
Appendix 22.1: Statement of Output Costs - Department of Agriculture		36
Appendix 22.2: Revenue not claimed by the Department from Post Fiji		45
Appendix 22.3: Wainiyabia Youth Farm, Serua		46
Appendix 22.4: Services Rendered by Automech		46
Appendix 22.5: Stolen Items from the Vet Lab		47
Appendix 22.6: Delays in Revenue Lodgement.....		47
Appendix 22.7: Statement of Output Costs - Fisheries and Forestry		48
Appendix 22.8: Examples of Unofficial Receipts Used.....		55
Appendix 22.9: Short Collection from Sale of Ice		56

CONSOLIDATED FINANCIAL STATEMENT

The Ministry of Primary Industries did not consolidate its financial statements as required.

FINANCIAL STATEMENT – DEPARTMENT OF AGRICULTURE**22.1 Audit Opinion**

The audit of the 2008 accounts of the Department resulted in the issue of a qualified audit report. The qualifications are as follows.

1. The Department of Agriculture did not consolidate its financial statements together with the Department of Fisheries and Forests as required under Schedule 3 of the 2009 Appropriation Promulgation 2008.
2. The Ministry of Primary Industries is required to submit thirty two Statements of Output Costs as required under the Budget Estimates 2008; however, the Department of Agriculture has separately submitted eighteen statements. Furthermore 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 Department under each output
3. Trading and Manufacturing Account's *Accumulated Surplus* and *Surplus* of \$2,559,456.93 and (\$2,098,107.49) respectively shown in the Balance Sheet could not be substantiated as supporting documents were not provided for audit.

22.2 Statement of Receipts and Expenditures

The Department of Agriculture collected revenue totalling \$906,118 and incurred total expenditures of \$37,947,359 in 2008. Details are shown in Table 22.1 below.

TABLE 22.1: STATEMENT OF RECEIPTS AND PAYMENTS

Description	2008 \$	2007 \$
RECEIPTS		
Agricultural produce & inspection fees	410,881	374,997
Interest – Public Officers & Ministers	0	65
Miscellaneous fees and Receipts	47	940
Light due port & harbour	0	459
Stamp duty	0	14
Fees	0	104
Water charges	1,436	2,693
License	14,300	16,801
Royalties Timber	0	409
Meat inspection	30,491	34,464
Veterinary and animal quarantine	19,279	20,889

Description	2008 \$	2007 \$
Valuation Fees for Private Property	0	5
Sale of sheep & wool	40,386	30,115
Agriculture commercial undertaking	4,699	335
FCA	14,685	22,686
Fumigation and quarantine	7,818	7,290
Rest house	3,573	2,660
Hire of plant and vehicle	23,140	9,822
Rental for land	0	211
Rental for quarters	8,536	10,095
Rental for building	2,927	2,445
Registration	2,484	1,039
Hire of Vessels and Punts	4,961	0
Commission	8,976	1,234
Sales Cash	502	0
Sale of Farm Product	50,656	39,440
Sale of Surplus Farm Produce	938	809
Miscellaneous Revenue	120,726	20,120
Refunds	0	30
Rural Electrification	0	102
PAYE	0	-7,268
Overpayment Recoveries in Previous Years (OPR)	57,005	53,818
Value Added Tax	73,250	128,975
Agricultural Landlord and Tenant	4,422	1,335
TOTAL REVENUE	906,118	777,133
EXPENDITURES		
Operating		
Established Staff	12,214,621	13,524,519
Unestablished Staff	4,527,485	4,974,016
Travel & Communication	445,946	537,050
Maintenance & Operations	1,529,891	1,484,766
Purchase of Goods & Services	330,388	340,374
Operating Grants & Transfers	1,379,599	897,509
Special Expenditures	372,188	234,625
Total Operating Expenditures	20,800,118	21,992,859
Capital		
Capital Construction	8,210,605	4,694,209
Capital Purchases	313,595	380,069
Capital Grants & Transfers	7,116,311	2,655,367
Total Capital Expenditures	15,640,511	7,729,645
Value Added Tax	1,506,730	3,223,846
TOTAL EXPENDITURES	37,947,359	32,946,350

Revenue collected increased by \$128,985 or 17%. This is due to the recovery of arrears under Quarantine and Animal Health and Production Divisions and the increase in analysis fees. The increase in expenditure by \$5,001,009 (15%) was due to increase in capital expenditure by \$7,910,866 (102%). Value Added Tax decreased significantly by \$1,717,116 or 53.3% in 2008 as it is no longer charged on salaries and wages.

22.3 Statement of Output Costs

The Department consolidated its expenditures into 18 Statement of Output Costs. These are detailed in *Appendix 22.1*.

22.4 Appropriation Statement

The Department incurred expenditures totalling \$37,947,360 against the budget of \$42,355,450 resulting in savings of \$4,408,090 or 10.4%.

Details of expenditures against the budget estimates are provided in Table 22.2 below.

TABLE 22.2: APPROPRIATION STATEMENT

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	13,681,400	(172,748)	13,508,652	12,214,622	0	1,294,030
2	Unestablished Staff	4,771,900	0	4,771,900	4,527,485	0	244,415
3	Travel & Communication	579,100	0	579,100	445,946	0	133,154
4	Maintenance & Operations	1,754,600	0	1,754,600	1,529,891	0	224,709
5	Purchase of Goods & Services	441,700	0	441,700	330,388	0	111,312
6	Operating Grants & Transfers	1,481,200	0	1,481,200	1,379,598	0	101,602
7	Special Expenditures	316,200	172,748	488,948	372,188	0	116,760
	Total Operating Costs	23,026,100	0	23,026,100	20,800,118	0	2,225,982
	Capital Expenditure						
8	Construction	10,749,900	(850,000)	9,899,900	8,210,606	0	1,689,294
9	Purchases	325,000	0	325,000	313,595	0	11,405
10	Grants & Transfers	7,750,000	(300,000)	7,450,000	7,116,311	0	333,689
	Total Capital Expenditure	18,824,900	(1,150,000)	17,674,900	15,640,512	0	2,034,388
13	Value Added Tax	1,760,700	(106,250)	1,654,450	1,506,730	0	147,720
	TOTAL EXPENDITURE	43,611,700	(1,256,250)	42,355,450	37,947,360	0	4,408,090

22.5 Statement of Losses

The report recorded a substantial increase of 466% in losses compared to 2007. This is due to theft at the Veterinary Lab and the high death rate of sheep experienced by the Department in 2008. It is of importance to note that no funds were made available for the welfare of sheep in 2008 which resulted in the high mortality rate.

Report of Losses

Date	Descriptions	2008 \$	2007 \$
January	Death of Sheep	2,797.12	490.45
February	Death of Sheep	3,813.46	202.25

Date	Descriptions	2008 \$	2007 \$
March	Death of Sheep	955.67	294.57
April	Death of Sheep	478.87	704.25
May	Death of Sheep	638.97	564.36
June	Death of Sheep	642.52	1,061.26
July	Loss of Safe Keys	6.00	831.33
August	Loss of Laptop Accessories	350.00	566.86
September	Theft (Veterinary Lab) & Death of Sheep	28,250.00	596.97
October	Death of Sheep	0	759.17
November	Theft – AH&P Post Entry Quarantine	5,450.00	1,757.84
December	Death of Sheep	0	1,494.18
TOTAL		43,382.61	9,323.49

22.6 Trade and Manufacturing Account

Trading Account

Trading Account	2008 \$	2007 \$
Sales	514,365	459,794
Opening Stock	220,252	139,427
Add: Purchases	466,528	324,031
Total Stock available for sale	686,780	463,458
Less: Closing Stock	219,791	220,252
Cost of Goods Sold	466,989	243,206
Gross Profit/(Loss) transferred to P & L	47,376	216,588

Profit & Loss Statement

	2008 \$	2007 \$
Income		
Gross Profit transferred from Trading A/C	47,376	216,588
Other Income	52,440	17,652
Total Income	99,816	234,240
Expenses		
Personnel Emoluments	8,576	9,816

	2008 \$	2007 \$
FNPF	0	157
Allowance	968	3,390
Relieving Staff	169	26,639
Travel Overseas	4,487	0
Travel Domestic	0	1,972
Subsistence	1,046	0
Telecommunications	0	45
Fuel & Oil	5,719	7,096
Repairs & Maintenance	9,436	14,074
Special Fees & Charges	2,074	960
VAT	40,031	16,751
Total Expenses	72,506	80,900
Net Profit	27,310	153,340

Balance Sheet

	2008 \$	2007 \$
Equity		
Opening Equity	2,532,147	2,378,807
Add Net Profit	27,310	153,340
	2,559,457	2,532,147
TMA Surplus	(2,098,108)	(1,801,298)
Total Equity	461,349	730,849
Assets		
Current Assets		
Cash in Bank	239,483	508,522
Accounts Receivable	2,075	2,075
Inventory	219,791	220,252
Total Current Assets	461,349	730,849
Total Net Assets	461,349	730,849

22.7 Trust Fund Account – LWRM and LRPD

Trust Fund	2008	2007
Opening balance	499,790	465,187
Receipts		
Retention Money	61,418	226,365
Payments		
Retention Money	533,945	191,762
Balance as at 31/12/08	27,263	499,790

AUDIT FINDINGS

22.8 FNPF Reconciliation

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

In order to verify the accuracy of the FNPF contributions paid by the Department, audit recalculated 8% of the actual expenditure recorded under SEGs 1 and 2 in the Financial Management Information System (FMIS) in comparison to the actual amount paid to the Fund. The exercise noted a difference of \$389,078 between the two records. Refer to Table 22.3 for details.

TABLE 22.3: VARIANCE IN FNPF CALCULATION – 2008

(a) FNPF Contribution Paid by Department for 2008 (Employer contribution only)		Amount (\$)
SEG 1	FNPF contributions paid – Established Staff	879,404
SEG 2	FNPF contributions paid – Unestablished staff	9,279
		888,683
	Add: December 2008 FNPF Contributions	65,003
		953,686
	Less: December 2007 FNPF Contributions	(74,493)
	Total Employers Contributions paid by the Dept.	879,193
(b) Audit Calculation of FNPF for 2008 (Employer contribution only)		
SEG 1 & 2	Salaries & Wages as per FMIS	
	FNPF Contribution (15,853,383 x 0.08)	1,268,271
(a-b)	Difference	389,078

The inconsistency in the reconciliations and poor monitoring by the Department has resulted in the difference of \$389,078.

Recommendation

The Department should take necessary steps to reconcile and account for the variance noted.

Department's Comments

The amount that is quoted by OAG for December 2008 contributions does not match with the figures shown on our payment voucher.

Therefore we do not agree with the Audit report.

22.9 Non Consolidation of Budget Sector Agency Accounts

Budget sector agency in relation to a financial year, means a state entity that administers an appropriation for that year under an Appropriation Act or the Financial Management Act.¹ A State entity includes a department, parliamentary body, statutory authority or Government Company, an associated entity that is taken to be a separate department under section 80 of the Financial Management Act.²

The Department of Agriculture did not consolidate its financial statement with the Department of Fisheries and Forests, contrary to the requirement of the Financial Management Act.

Recommendation

The Department must ensure that all future financial statements are consolidated as stipulated in the Financial Management Act.

Department's Comments

The Permanent Secretary for Agriculture and Permanent Secretary for Forest and Fisheries have been informed of this requirement and there is the possibility that the 2009 will be amended accordingly.

22.10 Unclaimed Revenue from Post Fiji Limited

All revenue collected up to 31st December 2008 must be deposited at Bank by 31st December 2008- the close of this financial year and to the credit of the Consolidated Fund Account where banking facilities are provided or lodged with the respective Post Offices where Bank facilities are not available.³

For revenue collected from outer stations, the revenue receipts together with the revenue collector's analysis sheet are sent to the Department.

Despite being notified through the revenue receipts and revenue collector's cash analysis sheet, revenue totalling \$5,928.75 that was receipted and lodged with Post Fiji Limited from outer stations was neither claimed by the Department nor has it been deposited into the Consolidated Fund Account. A detailed breakdown of this amount is attached as *Appendix 22.2* to this report.

The unaccounted revenue has understated the total revenue collected by the Department for the year.

Recommendation

The Department should ensure immediate collection of revenue from Post Fiji soon after being notified through revenue pay-ins from the divisions.

¹ Financial Management Act (2004) 2

² Solicitor General Memorandum on Budget Sector Agencies Definition (18/02/08)

³ Ministry of Finance Circular 15/2008 – s4.2.1

Department's Comments

Please note that the Revenue was collected from Post Fiji as follows:

TMA - 1,987.21 RR 454009 of 12/6/09

IDC - 3,823.42 RR 454011 of 23/6/09

\$5,810.23

We agree with your audit query that the total amount to be collected was \$5, 8928.75 however Post Fiji has short paid us by \$118.12. This was highlighted to them and the short payment was made good in our collections for the period January to March 09 as follows:

IDC Revenue for Jan to March 2009 - \$10,854.36. This amount included the December 2008 shortfall of \$118.12.

22.11 Arrears of Revenue

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

- no further credit shall be extended to the debtor;
- a demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than a month;
- if the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within 14 days.

If a final notice had been issued to one of the debtors listed, the Principal Accounts Officer may approve the case to be referred to the Solicitor General or the Small Claims Tribunal, after considering the cost implication and the probability of recovery. ⁴

Arrears of revenue totalled \$3,978,918, a decrease of 2% compared to 2007. Some debts had remained uncollected during the three years. The audit noted that the Department had not instigated recovery actions as required under the Finance Manual.

Cocoa Development recorded the highest arrears of \$3,390,720 which constitutes 85% of the total amount owing to the Department. 96% of the Cocoa Development arrears have been outstanding for over 5 years. Refer to Table 22.4 below for further details.

TABLE 22.4: ARREARS OF REVENUE: 2006 – 2008

Debtors	2006 \$	2007 \$	2008 \$
Meat Inspection Fees	8,083.67	28,776.49	2,700.35
Quarantine	72,476.61	42,336.12	35,197.44
Credit Sales Animals	2,568.94	10,624.79	-
Research Analysis Test	-	-	1,304.71
FEA Rates	2,882.18	2,708.03	407.94
Water Rates	6,105.23	10,793.75	228.31
Sale of Sheep & Wool	4,900.00	4,900	4,900.00
Analysis Fees	918.00	918.00	3,120.00
Cocoa Development	3,390,719.84	3,390,719.84	3,390,719.84

⁴ MASLR Finance Manual 2005, 9.2.1, 9.2.4

Debtors	2006 \$	2007 \$	2008 \$
Batiri Pineapples	707.16	707.16	707.16
Irrigation & Commercial Undertaking	114,720.42	114,720.42	114,720.42
Land Development (ADP)	4,631.71	4,236.66	4,236.66
Lending Fund Account	16,445.66	16,445.66	16,445.66
Revolving Fund Account	428,501.64	428,501.64	393,924.53
Fiji College of Agriculture	32,010.00	4,190.00	3,120.00
Legalega Research Station			10,304.59
Total	4,085,671.06	4,060,578.56	3,982,037.61

A submission was made to the Ministry of Finance on 01/08/08 to write-off the arrears of \$3,390,720 from Cocoa Development however a decision is yet to be received.

Recommendation

The Department should take appropriate actions to recover the debts, and consistently follow up with Ministry of Finance on its submission to write-off arrears of revenue in respect of Cocoa Development.

Department's Comments

The bulk of the Arrears of Revenue is made up of Cocoa Dev Fund of \$3,390,719.84. In this regard the Dept had submitted a Cabinet Paper requesting write off in May 2003 and again through our Quarterly Returns on Arrears of Revenue dated 31/03/2008. (Copies of the submissions are retained here at the Dept). Attempts to collect other arrears is still be being pursued.

The Dept has not received any feed-back on the request for write-off of \$3,390,719.84 to date. Should the amount be written off then the remaining balance would fall drastically to \$588,197.77

22.12 Over Expenditure

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.⁵

The following expenditure allocations were noted to have exceeded its 2008 revised budget.

TABLE 22.5: OVER EXPENDITURE DETAILS

Allocation	Description	Revised Budget Estimate (\$)	Actual Expenditure (\$)	Over Expenditure (\$)
30-1-1-1	Established Staff	1,236,800.00	1,256,135.92	19,335.92
30-1-1-13	VAT	100,700.00	100,931.50	231.50
30-1-2-1	Established Staff	557,600.00	569,972.82	12,372.82
30-1-2-2	Unestablished Staff	27,000.00	33,686.16	6,686.16
30-1-3-13	VAT	10,000.00	10,217.29	217.29
30-1-6-1	Established Staff	1,449,952.00	1,488,987.97	39,035.97
30-1-6-2	Unestablished Staff	60,600.00	78,533.10	17,933.10
30-2-3-13	VAT	15,300.00	15,581.63	281.63

⁵ Finance Instruction 18

Allocation	Description	Revised Budget Estimate (\$)	Actual Expenditure (\$)	Over Expenditure (\$)
30-3-1-2	Unestablished Staff	34,500.00	35,764.31	1,264.31
30-3-2-2	Unestablished Staff	185,500.00	219,186.78	33,686.78
30-3-3-2	Unestablished Staff	278,800.00	351,106.78	72,306.78
30-5-1-1	Established Staff	476,600.00	496,848.89	20,248.89
30-6-1-2	Unestablished Staff	113,800.00	141,823.32	28,023.32
30-7-1-1	Established Staff	121,300.00	137,137.51	15,837.51
	Total	4,668,452.00	4,935,913.98	267,461.98

The Ministry may be employing excess number of staffs hence the overpayment. This is also a result of poor monitoring of payroll expenditure.

Recommendation

- Expenditures should be closely monitored to ensure spending is within the budgeted provision and good financial management practice needs to be applied at all times.
- Only the correct number of staff as per staff establishment should be employed.

Department's Comments

We were not able to get an explanation from the AA Salaries at that time but the procedures are now in place to ensure that expenditures in SEGs 1 & 2 are closely monitored from now on.

22.13 Unsubstantiated Trading and Manufacturing Account Figures

The Department could not substantiate TMA Accumulated Surplus and TMA surplus of \$2,559,457 and \$2,098,108 respectively reflected as Equity in the Balance Sheet.

The absence of proper supporting documents indicates that the financial information may be incorrect.

Recommendation

The Department should reconcile its records with the Ministry of Finance and ensure that balances disclosed in its financials are correct.

Department's Comments

We are still trying to verify these figures with MoF and will amend our records accordingly. However, if a surplus does exist as highlighted, than this should show in our TMA bank account so that we could return to MoF.

22.14 Revolving Fund Account (Miscellaneous)

The Department RFA-Miscellaneous balance constitutes Accounts Payable Prepaid, General Ledger Prepayments, Accounts Payable Employee, Dishonoured Cheques, Accounts Receivable Individuals, Withholding Tax and Accountable Advances.

A difference of \$258,491 was noted between the Department's RFA reconciliation and the Financial Management Information System (FMIS) record. The Department's reconciliation recorded a balance of \$1,941,599 whereas the FMIS figure was \$2,200,090.

Recommendation

The Department should conduct regular reconciliation with Ministry of Finance records and rectify any variance, and that underline ledgers should be maintained to record all Revolving Fund Account transactions.

Department's Comments

Our underline reports are currently all up-to-date.

22.15 Variance in Drawings Account Balance

The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Finance. These reports include monthly drawings reconciliation statements.⁶ All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.⁷

A difference of \$364,231 was noted between the Department's Drawings account reconciliation and the Financial Management Information System (FMIS) balance. The Department's reconciliation recorded a balance of \$3,268,865 whereas FMIS recorded \$2,904,634.

Drawings account reconciliations were not successfully carried out by the Department which resulted in the variances not being rectified.

Recommendation

The Department should carry out monthly drawings reconciliations, verify balances with the GL system figure and rectify the variances in consultation with the Ministry of Finance.

Department's Comments

The Dept is working on reconciling our figures with MoF and will amend if there are in fact any anomalies.

On the other hand December will always record the highest number of payments given it being the year end.

22.16 Trust Fund Account

Trust Fund Accounts comprise monies, which are not the property of the State and are not utilized for the purposes of government.⁸

Trust Fund reconciliations should be prepared together with full details within 5 days of each month and these are to be certified as being correct in all respects. Annual trust receipts and payments statement should be prepared within 2 weeks within the end of the year, which should be certified, dated and showing supporting notes providing details of outstanding balances or adjustments. This should be made available to audit upon request.⁹

⁶ Department Finance Manual 17.3.1- (ii)

⁷ Finance Instructions s.39 (5)

⁸ Finance Instructions 194

⁹ Clause 15.4.1-15.4.7: Finance Manual

Variance of \$249,115.21 was noted between the Ministry of Finance figure of \$1,036,836.89 and the Department's records of \$1,285,952.10 for Trust Fund Account. Furthermore, the Operating Trust Account has been overdrawn by \$1,064,100.30.

Recommendation

The Department should ensure that monthly Trust Fund Account reconciliations are carried out with Ministry of Finance records, and identify and rectify the variance of \$249,115.21.

Department's Comments

There are two types of Trust Funds -

- 1. True Trust Fund (Which holds a bank A/c e.g. LWRM Trust Fund); and*
- 2. Operating Trust Fund Accpunt, which is not an expenditure account, but holds money regarding deductions and Insurance deductions from officers salaries. This would reflect as a credit under the Operating Trust Fund A/c and once it is paid to respective insurance houses this is debited under the same allocation for the operating Trust Fund to show a nil balance. There should not be any differences in this case as the amount is directly got from GL. Our figures should match with the MOF figures on the system.*

Since MoF has not notified us of any variances, we take it that the audit query is not correct.

22.17 Report on Site Visit to Farms – Serua/Namosi

Some of the projects approved and funded through the Rural and Outer Island Programme were not implemented satisfactorily. In some instances, the forecasted outputs stated in the project proposals were not achieved, for some cases, agro inputs and planting materials were not supplied to the farming groups while in other projects, there was a generally lack of commitment from the executing groups.

Physical inspection of projects in the province of Serua/ Namosi highlighted the following unsatisfactory features.

TABLE 22.6: ROI PROJECTS ANOMALIES

Farming Group	Approved ROI contribution	Status
Wainiyabia Youth Farming Group, Serua Dalo farming	\$21,500.00	<ul style="list-style-type: none"> • 5 hectares of land excavated at a cost of \$18,000. Job done by Yandra Viti Investments. • Whole farm has been overgrown with grass. Refer to <i>Appendix 22.3</i> for photos taken during site visit. • Only 1 acre of dalo planted. • Little sign of commitment by the youth group members.
Improvement of Rural Duck, Namosi Poultry farming	\$20,568.25	<ul style="list-style-type: none"> • Individual was not supplied with all the materials approved for the project. • Only 2 air conditions have been supplied and installed. • Remaining items are yet to be supplied. This includes: <ul style="list-style-type: none"> - A duck scalding tank, A duck plucking machine, A wax tank.
Senibua Farming Group, Namosi Dalo farming	\$13,000.00	<ul style="list-style-type: none"> • Only 700 bags of poultry manure were delivered to the group by Ram Sami & Sons Limited despite 833 bags being invoiced and paid for. Remaining bags could not be substantiated by Audit. • Total paid by government for the poultry manure was \$2,499. • Amount approved for land clearing was \$4000 for 4 hectares of land to be cleared. However, only 2.5 hectares of land was cleared by Yandra Viti Investments at a cost of \$3,750. • 6,666 dalo suckers at a cost of \$999.90 yet to be supplied by

Farming Group	Approved ROI contribution	Status
		Damools Farmings Ltd.
Seniniu Farming Group, Namosi Dalo farming	\$19,000.00	<ul style="list-style-type: none"> Only 700 bags of poultry manure were delivered to the group by Ram Sami & Sons Limited despite 833 bags being invoiced and paid for. Remaining bags could not be substantiated by Audit. Total paid by government for the poultry manure was \$2,499. 6,666 dalo suckers at a cost of \$999.90 yet to be supplied by Damools Farmings Ltd.
Qalituraga Farmers Group, Namosi Dalo farming	\$12,520.00	<ul style="list-style-type: none"> Only 100 bags of poultry manure were delivered to the group by Ram Sami & Sons Limited despite 583 bags being invoiced and paid for.
Matayalewa Piggery Farm, Namosi Pig farming	\$9,334.38	<ul style="list-style-type: none"> Project approved to be funded but nothing has been implemented yet. No materials have been supplied yet.
Naciva Piggery Project, Serua Pig farming	\$6,312.00	<ul style="list-style-type: none"> Project approved to be funded but nothing has been implemented yet. No materials have been supplied yet.

The unsatisfactory features noted in the status of the projects sighted could be the result of:

- absences of a proper feasibility study which was not effectively carried out on the viability of the projects,
- lack of monitoring mechanisms applied by responsible officers to follow up with suppliers of agro-inputs and planting materials, and
- a general lack of commitment to the project by the farming groups.

Recommendations

The Department should:

- **conduct a feasibility study for all its project proposals before a decision on it is made,**
- **closely monitor all approved projects,**
- **investigate the remaining poultry manure bags yet to be delivered,**
- **explain why it had failed to implement the approved projects; and**
- **investigate on the Wainiyabia Youth Farming project as substantial amount of funds were uneconomically utilized.**

Department's Comments

No comments provided

22.18 Breach of Procurement Authorities

The following officers are delegated authority to procure goods, services and works up to the following limits:

Chief Executive Officer	\$20,000
Deputy CEO's	\$15,000
Directors, Principal Accountant	\$10,000
Section Heads	\$3,000
Senior Accounts Officers	\$1,000

The officer authorising a purchase order must ensure that a purchase order is not artificially split to bring it within the limits above. Any officer who authorizes expenditure exceeding his/her procurement limits, including by splitting purchase orders, shall be liable for surcharge to repay the unauthorized amount.¹⁰

Audit review noted that Local Purchase Orders were artificially split into numerous procurements for the purpose of obtaining a lower level approval. Refer to Table 22.7 below for details.

TABLE 22.7: EXAMPLES OF LOCAL PURCHASE ORDER FOR SOUTH PACIFIC FERTILIZERS LIMITED

Cheque No.	LPO No.	Details	Voucher No.	LPO Date	Invoice Date	Amount (\$)
142094	PO92821-000181	Procurement of fertilizers from South Pacific Fertilizers Limited	37152	22/05/08	29/05/2008	12,163.50
	PO92821-000182	Procurement of fertilizers from South Pacific Fertilizers Limited	37153	22/05/08	29/05/2008	9,853.99
	Total					22,017.49
142094	PO91821-001141	Procurement of 133 bags of NPK and 167 litres parquet under the Cyclone Gene Rehabilitation Programme – MH Homemaker	42221	26/08/08	02/09/2008	2,839.00
	PO91821-001140	Procurement of 133 bags of NPK and 167 litres parquet under the Cyclone Gene Rehabilitation Programme – MH Homemaker	42228	26/08/08	02/09/2008	3,835.75
	PO91821-001142	Procurement of 133 bags of NPK and 167 litres parquet under the Cyclone Gene Rehabilitation Programme – MH Homemaker	42243	26/08/08	02/09/2008	3,778.50
	Total					10,453.25

The failure of the Department to apply the required purchasing limits results in unauthorised expenditures.

Recommendation

The Department should ensure that officers should only authorise Local Purchase Orders within their approved limits and for non adherence to Finance Regulations.

Department's Comments

It is admitted that there were lapses in the adherence to the proper procurement procedures by certain officers. Supervising and Procurement Officers are being reminded of the proper procurement authorities and procedures and that non-adherence to these will result in surcharge and disciplinary action being taken. A Circular Memorandum is to be issued on this subject (since issued on 24/04/09).

¹⁰ MAS&LR Finance Manual 2005 – s.2.2

22.19 Irregularities in Payments to Automech

Goods, services and works required by agencies will be procured by issuing purchase orders for any local procurement. A local purchase order must be issued before goods, services and works are received.¹¹

On 30/12/08, a total of \$27,050 was paid to Automech Limited for the servicing of the Ministry's vehicles without the issuance of the local purchase orders.

It was noted local purchase orders were not issued to authorise the servicing works and that drivers were taking their vehicles directly to Automech Garage for servicing and repairs. This was not known to the Department until invoices were received from Automech.

Furthermore, invoice number 0629 of 01/11/07 was overpaid to Automech by \$400 on cheque number 152734 of 30/12/08.

Refer to *Appendix 22.4* and Table 22.8 below for details of services rendered to the Department vehicles.

TABLE 22.8: PAYMENT TO AUTOMECH LIMITED WITHOUT LOCAL PURCHASE ORDER

Date	Voucher No.	Cheque No.	Detailed Description	Amount (\$)
30/12/08	50477	152734	Being payment to Auto Mech for repair work done to various Admin. vehicles (GN533, GN078, GM425, GN065, GM504, GM610*, GM731*, GM569*, GN065*, GN065*, GM569*)	16,006
30/12/08	50478	152733	Being payment to Auto Mech for repair work done to vehicles GN164, GM475, GM456, and GM569.	11,044
Total				27,050

The above shows the driver's negligence by not following finance instructions which resulted in unauthorised services and repairs being made.

Recommendation

A local purchase order must be issued before goods, services and works are received and the Department should consider disciplinary and surcharge actions against responsible officers.

Department's Comments

Supervising and Procurement officers are being made to comply strictly with the requirements of Finance Instruction 17 at all times.

The payments and invoices to Automech are to be thoroughly scrutinized with the view to determining those who are to be considered for surcharge.

¹¹ Finance Instructions 2005 – s.17(1)(2)

* 2007 payments

22.20 Absence of Contract Agreement – National Bulldozing Limited

Where goods, services or works are regularly required by the agency, the Chief Executive Officer shall request the Central Tender Board to issue an annual tender for that particular good, services or works. All annual contracts are to be tendered annually to allow agencies to obtain best value for money for the goods and services being supplied¹².

The Ministry engaged National Bulldozing Company Limited (NBCL) in 2008 for the drainage works in respect of the Sigatoka Valley Improvement Programme.

It was noted that a contract agreement was not drawn up and signed between the two parties. The company was paid a total amount of \$54,943 for the work done. Details of payments made are shown in Table 22.9 below.

TABLE 22.9: PAYMENTS TO NATIONAL BULLDOZING LIMITED

LPO Dates	LPO Number	Cheque Date	Cheque Number	Amount (\$)
23/10/08	92821-000345	07/11/08	148324	1,222
23/10/08	92821-000346	05/12/08	150268	2,704
04/11/08	92821-000370	31/12/08	151748	8,325
10/11/08	92821-000391	31/12/08	151748	6110
10/11/08	92821-000392	29/12/08	151715	3,926
10/11/08	92821-000393	31/12/08	151748	6,110
10/11/08	92821-000394	30/12/08	151863	3,926
10/11/08	92821-000395	31/12/08	151716	3,926
21/05/08	92821-000182	20/06/08	145807	2,280
19/06/08	92821-000200	09/07/08	143360	4,050
04/07/08	92821-000206	26/09/08	146949	2,805
04/10/08	92821-000261	08/12/08	150350	3,120
04/11/08	92821-000262	22/10/08	147444	2,210
23/10/08	92821-000343	07/11/08	148324	1,300
23/10/08	92821-000344	30/12/08	151861	2,929
				54,943

It was also noted that a tender for the work undertaken by NBCL was not called, thus other potential suppliers were not given equal chances and that rate charged by NBCL may not be economical. Site visit to the Sigatoka Valley area on 04/12/08 revealed that the drainage works at Raunitogo farm were still incomplete. Refer to Figure 22.1 below for details.

¹² Finance Instructions 2005 – s.15



Fig 22.1: Incomplete land drainage works at Raunitogo Farm as at 04/12/08

A sum of \$2,704 was paid to NBCL on 05/12/08 for the above incomplete works. Further, there was neither any completion certificate issued by the Agricultural officer responsible nor evidence of verification that the work has been satisfactorily completed before payments were made to the company.

In the absence of signed agreements with NBCL, the government does not have a legal basis in case of disputes when assigned tasks are not completed.

Recommendation

The Department should ensure that tenders are called for all capital works undertaken and that such works are closely monitored and certified complete by field officers before final payments are made.

Department's Comments

All future major development works shall be tendered out to allow for competitive building and the proper tendering process adhered to. All past non-compliance with the proper tendering process and requirements will be investigated and where necessary surcharge or disciplinary action will be taken.

22.21 Significant Losses and Theft of Government Monies/Stores

Every officer shall be personally responsible for public stores under his/her control and surcharged in respect of any loss of public stores resulting from his/her negligence.¹³

Any storekeeper who is in charge of a Government store shall be responsible for:

- checking of goods received and,
- the regular inspection of all public stores under his/her control so that any damage to or deterioration of such stores may be detected at the earliest possible opportunity,
- Providing for proper security on any building or area in which public stores under his/her control are stored.¹⁴

¹³ Supplies & Service Instruction 1982 – Para. 110

¹⁴ Supplies & Service Instruction 1982 – Para. 13 (a),(b),(e)

Stolen items contributed to the high losses recorded by the Department. Refer to Table 22.10 below for details.

TABLE 22.10: LOSS REPORT

Section	Details	Comments
Animal Health and Production (AH&P) – Vatuwaqa	26 pine posts altogether valued at \$600 were stolen from the AH&P headquarters in Vatuwaqa.	Enquiries with AH&P officers revealed that the night watchman was asleep at the time of theft.
Veterinary Pathology Lab – Koronivia	Equipments valued at \$25,075 were stolen on 11/08/08 from the Koronivia Veterinary Pathology Laboratory. Refer to Appendix 22.5 for details of items stolen.	This cost did not include damages to vehicle (registration no. GN667) that was also smashed during the break in. No watchman was employed at the lab.
Post Entry Quarantine – Koronivia	Damages and lost items at Post Entry Quarantine office were valued at \$4,800.	Two security lights were not functioning.

Precautionary measures should always be applied to ensure security and safety of valuable items maintained by the department. The lack of it is evident in theft recorded.

Recommendation

The Department should review the measures taken for the security of its equipment and premises.

Department's Comments

Security measures at the Animal Health and Production Division, Vatuwaqa and the whole complex at Koronivia are being reviewed. The security services for the Veterinary Pathology Laboratory at Koronivia have been outsourced to a private security firm, namely.

The same arrangement is being considered for the AH&P Division in Vatuwaqa and the officers at Koronivia.

22.22 Incinerator Funds for Purchase of Diesel Fuel - Post Entry Quarantine

The Principal Accounts Officer or authorized officers must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.¹⁵

Drivers shall complete fuel orders made on the appropriate fuel order form. The form shall provide the following details:

- i) Date fuel ordered
- ii) Vehicle number and type of fuel ordered
- iii) Quantity of fuel ordered, cost and from which depot.

The budgeted funds of \$10,900 for the maintenance and operation of the incinerator was used for the general refuelling of the division's vehicles. In addition, ordinary minute were used authorising the refuelling instead of standard fuel order forms at the Koronivia - Quarantine station.

¹⁵ MAS&LR Finance Manual (2005) S2.8.3 (ii) and (iii)

Funds were not expended for its purpose and the incinerator continued to remain unutilised. There is a risk of misuse of fuel when standard fuel order forms are not used.

Recommendations

- **The Department should explain why funds allocated for the incinerator operation was used for another purpose and under the authority for such use.**
- **The Department should use the standard fuel order forms to ensure proper accountability of fuel supplies.**

Department's Comments

The Ministry will use standard fuel order for us to ensure properly accountability of fuel supplies.

A board of survey will be carried out on the incinerator at the Veterinary Pathology Laboratory, Koronivia.

22.23 Misappropriation of Revenue (Headquarters & AH&P)

Revenue collectors are to process and record all money received in accordance with procedures set out in the Finance Manual¹⁶. The revenue clerk shall bank money received on a daily basis at least.¹⁷

On numerous occasions revenue collected by the Ministry was not lodged on time. Some of the collections were held for more than 20 days prior to lodgement. The case is serious case and warrants investigation and disciplinary actions. Refer to Appendix 22.6 for details.

Moreover, scrutiny of the revenue records revealed that revenue totalling \$1,778.43 was not lodged by the revenue collector, Ms Kasaya Vakaloloma (90333). Although the officer has been suspended and investigations carried out, the incident highlights the lack of supervisory checks by authorised officers.

Recommendations

- **The Department should strengthen its controls in areas relating to revenue collection and ensure that all revenues collected are banked promptly.**
- **The Department should ensure strict compliance to the requirements of Finance Instructions and disciplinary action taken against responsible officers.**

Department's Comments

Control measures relating to revenues collection are being tightened with lodgements made daily. Disciplinary action will be taken against officers not complying with this requirement in the Finance Manual and with Finance Instructions.

22.24 Penalties on Non Payment of Value Added Tax

Every registered person shall, on or before the last day of the month following the last day of every taxable period, without notice or demand furnish to the Commissioner a tax return, in such prescribed

¹⁶ Finance Instructions s.27(2)

¹⁷ MAS&LR Finance Manual (2005) - s.5.4.1

form as may be approved by the Commissioner¹⁸. A penalty of 10% will be charged on late lodgements of Vat Returns and 2.5% thereafter for every month the return is not lodged.¹⁹

On 27th October 2008, the Debt Management Unit of the Fiji Islands Revenue and Customs Authority issued a legal demand notice to the Department claiming for the tax owed in the sum of \$53,553.86 and penalties in the sum of \$25,450.64, totalling \$79,004.50. The details are shown in Table 22.11 below.

TABLE 22.11: VAT PENALTIES

Taxable Period	VAT Payable (\$)	Penalties (\$)	Total (\$)
Feb-08	3,636.72	818.47	4,455.19
Mar-08	6,014.81	1,202.96	7,217.77
Apr-08	3,022.13	528.86	3,550.99
May-08	24,268.09	3,640.21	27,908.30
Jun-08	Paid late	979.18	979.18
Jul-08	Paid late	1,313.74	1,313.74
Mar-06	16,612.11	16,967.22	33,579.33
TOTAL	53,553.86	25,450.64	79,004.50

Furthermore, audit also noted that TMA VAT Returns for the months of June, July, August, and September 2008 was not lodged by the Ministry.

The additional penalties could have been avoided if VAT payments had been made on time.

Recommendations

- **Officers should be provided with appropriate training on VAT in order to ensure accuracy in recording of transactions and the submission of returns.**
- **VAT returns should be lodged on a timely basis to avoid late lodgement penalty.**
- **The Department should make arrangement immediately for payment of the above sum in order to avoid further recovery action from the VAT Unit.**
- **Officers responsible for the late submission of VAT returns should be disciplined.**

Department's Comments

It is admitted that there were lapses in the management and submission of VAT returns by the accounting officers responsible for this function. Those responsible will asked to explain the reason for the lapses and why disciplinary action should not be instituted against them. To ensure a non-recurrence of these, appropriate training of the relevant will be undertaken. The outstanding VAT payment has since been regularized.

¹⁸ VAT Decree 1991 s.33

¹⁹ VAT Decree s.60

FINANCIAL STATEMENT – DEPARTMENT OF FISHERIES AND FORESTRY

22.25 Audit Opinion

The audit of the 2008 accounts of the Department of Fisheries and Forestry resulted in the issue of a qualified audit report.

The qualifications are as follows.

- The Department of Fisheries and Forestry did not consolidate their financial statements with the Department of Agriculture as required under Schedule 3 of the 2009 Appropriation Promulgation 2008. .
- The Ministry of Primary Industries is required to submit thirty two Statements of Output Costs as required under the Budget Estimates 2008, however the Department of Fisheries and Forestry has separately submitted sixteen statements.
- Trading and Manufacturing Account *Surplus* of \$94,442 could not be substantiated as supporting documents were not provided for audit verification.
- There is a significant variance between the VAT records and the accounts as at 31 December 2008.

22.26 Statement of Receipts and Expenditure

The Department collected revenue amounting to \$2,159,611 and incurred total expenditure of \$10,348,013 in 2008. Details are shown in Table 22.12 below.

TABLE 22.12: STATEMENT OF RECEIPTS AND PAYMENTS

Descriptions	2008 \$	2007 \$
RECEIPTS		
Sale of Fish & Ice	235,085	233,718
Access Fees/Fishing License	661,551	185,139
Scaling Fees	624,874	478,988
Value Added Tax	153,023	0
Other Revenue	485,078	283,128
TOTAL REVENUE	2,159,611	1,180,973
EXPENDITURES		
Operating Expenditure		
Established Staff	4,474,921	4,465,981
Government Wage Earners	1,298,281	1,352,142
Travel & Communications	209,152	191,199
Maintenance & Operations	1,056,935	812,626
Purchase of Goods & Services	544,578	337,910
Operating Grants & Transfers	535,000	561,507
Special Expenditure	487,129	4,407,423
Total Operating Expenditure	8,605,996	12,128,788

Descriptions	2008 \$	2007 \$
Capital Expenditure		
Capital Construction	1,303,084	5,589,549
Capital Purchase	-	21,300
Capital Grants & Transfers	-	402,478
Total Capital Expenditure	1,303,084	6,013,327
Value Added Tax	438,933	2,059,530
TOTAL EXPENDITURE	10,348,013	20,201,645

Revenue increased by 83% in 2008 due to increase in Sale of Fish and Ice (1%), Fishing License (257.3%), Scaling Fees for Timber (30.5%), VAT (100%), and Other Revenue (71.3%)

Expenditure declined by 49% due to the decrease in special expenditures such as the one-off compensation payment for Lami Jetty in 2007 and the completion of the Integrated Port Development at Wairiki in Bua and the maintenance of Lautoka Fisheries Jetty in 2007.

VAT also decreased significantly by 79% as it is no longer charged on salaries and wages in 2008.

22.27 Statement of Output Costs

The Department of Fisheries and Forestry has separately submitted sixteen statements of output costs. These are detailed in *Appendix 22.7*.

22.28 Appropriation Statement

The Department incurred expenditures totalling \$10,348,013 in 2008 against a revised budget of \$14,259,900 resulting in savings of \$3,911,887 or 27%. Details of expenditures against budget estimates are provided in Table 22.13 below.

TABLE 22.13: APPROPRIATION STATEMENT

SEG	Item	Budget Estimate	Change	Revised Estimate	Actual Expenditures	Lapsed Appropriation
1	Established Staff	5,392,200	0	5,392,200	4,474,921	917,279
2	Government Wage Earners	1,507,000	0	1,507,000	1,298,281	208,719
3	Travel & Communications	237,000	15,000	252,000	209,152	42,848
4	Maintenance & Operations	1,142,600	10,000	1,152,600	1,056,936	95,664
5	Purchase of Goods & Services	613,700	(25,000)	588,700	544,578	44,122
6	Operating Grants & Transfers	635,000	0	635,000	535,000	100,000
7	Special Expenditure	685,000	0	685,000	487,130	197,870
	Total Operating Costs	10,212,500	-	10,212,500	8,605,998	1,606,502
8	Capital Construction	4,100,000	(800,000)	3,300,000	1,303,084	1,996,916
9	Capital Purchase	0	0	0	0	0
10	Capital Grants & Transfers	0	0	0	0	0
	Total Capital Expenditure	4,100,000	(800,000)	3,300,000	1,303,084	1,996,916
13	Value Added Tax	847,400	(100,000)	747,400	438,931	304,469
	TOTAL EXPENDITURE	15,159,900	(900,000)	14,259,900	10,348,013	3,911,887

22.29 Statement of Losses

The Department's record of losses during the year includes:

- i. short lodgement of \$1,366.57 in operating revenue,
- ii. Trust Account monies of \$2,163.55 was not lodged,
- iii. TMA funds of \$24.00 was not lodged; and
- iv. an imprest short fall of \$272.75 was recorded.

Losses of Assets - Three Kawasaki brush cutters were stolen from the Silviculture Research Station due to a break in on 04/06/08.

22.30 Profit and Loss Statement – Trading and Manufacturing Activity

Description	2008 \$	2007 \$
Manufacturing Account		
Raw Materials (1/1/08)	22,252	34,806
Purchases	0	15,859
	22,252	50,666
Raw Materials (31/12/08)	(33,503)	(22,252)
Raw Materials Used	(11,251)	28,414
Add Work in Progress (1/1/08)	0	0
	(11,251)	28,414
Direct Costs	0	0
Direct Labour	68,674	41,971
Less Work in Progress (31/12/08)	0	0
Cost of Manufactured Goods		
Transferred to Trading A/C	57,423	70,385

Description	2008 \$	2007 \$
Trading Account		
Sales	87,662	134,023
Stock of Finished Goods (1/1/07)	8,831	9,874
Add Cost of Manufactured Goods transferred		
from Manufacturing Account	57,423	70,385
	66,254	80,259
Less Stock of Finished Goods (31/12/07)	3,017	8,831
Cost of Finished Goods Sold	63,237	71,428
Gross Profit Transferred to P&L	(24,425)	(62,595)

Description	2008 \$	2007 \$
Profit & Loss Statement		
Gross Profit transferred from Trading Account	24,425	62,595

Description	2008 \$	2007 \$
VAT	337	5,425
TOTAL INCOME	24,762	68,020
EXPENSES		
Traveling expenses	-	879
Office Upkeep & Supplies	7,458	15,050
Special Fees & Charges	66	106
TOTAL EXPENSES	7,524	16,035
NET PROFIT	17,238	51,985

Description	2008 \$	2007 \$
Balance Sheet		
Equity	212,575	160,589
Net Profit	17,238	51,985
TMA Surplus Transferred to Consolidated Fund	(94,442)	(114,835)
TOTAL EQUITY	135,371	97,739
CURRENT ASSETS		
TMA Dominion Cash CNB Suva	98,851	66,656
IC Raw materials	33,503	22,252
IC Finished Goods for sales	3,017	8,831
TOTAL NET ASSETS	135,371	97,739

22.31 Statement of Receipts and Expenditure- Trust Account

Description	2008 \$	2007 \$
RECEIPTS		
Transfer of funds from CFA	53,960	-
1/3 Subsidy contributions	11,414	-
Bank Interest	5	-
Total Revenue	65,379	-
EXPENDITURE		
1/3 Subsidy Payments	53,579	-
Total Expenditure	53,579	-
Closing Balance	11,800	-

AUDIT FINDINGS

22.32 Non Consolidation of Budget Sector Agency Accounts

Budget sector agency in relation to a financial year, means a state entity that administers an appropriation for that year under an Appropriation Act or the Financial Management Act²⁰.

The Department of Fisheries and Forestry did not consolidate its financial statement with the Department of Agriculture, contrary to the requirement of the Financial Management Act.

Recommendation

The Department of Fisheries and Forestry must ensure that all future financial statements are consolidated as stipulated in the Financial Management Act.

Department's Comments

22.33 VAT Reconciliation

All payments, including VAT must be immediately recorded in the financial management information system of an Expenditure Ledger.²¹

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

There is an unreconciled difference of \$423,981 existing between the total taxable supplies as per the VAT returns and VAT as per Expenditure Statement. In addition a difference of \$6,301 was noted between the VAT paid as per Statement of Revenue and Expenditure and VAT returns. Refer to details provided in Table 22.14 below.

TABLE 22.14: VAT RECONCILIATION

Description	Amount \$
Total Expenditure as per Expenditure Statement	9,909,080
Less Expenditure not Subject to VAT	5,773,202
Total Expenditure Subject to VAT	4,135,878
Less Total Taxable Supplies as per VAT return	3,711,897
Unreconciled Variance	423,981
VAT payment as per Statement of Revenue and Expenditure	438,933
VAT payment as per VAT Returns	445,234
Unreconciled Variance	6,301

The inconsistency in the reconciliations and poor monitoring by the Ministry has resulted in the differences highlighted above.

Recommendation

The Department should ensure that VAT payments is reconciled on monthly basis, and that correct amount should be disclosed in the financial statement.

²⁰ Financial Management Act (2004) 2

²¹ Finance Instruction 2005 3.2.20

Department's Comments**22.34 Variance in the Drawings Accounts**

Variances were noted in the Drawings Account balances between the records maintained by the Department and that of the Ministry of Finance. Refer to Table 22.15 below for details.

TABLE 22.15: VARIANCES IN DRAWINGS ACCOUNT BALANCES

Particulars	Departments Figure (\$)	MOF Figure (\$)	Variance (\$)
Drawings Opening/Balance	522,296.79	414,484	107,812.79
Drawings Closing/Balance	631,476.79	420,533	210,943.54

The above indicate that reconciliations were not effectively carried out as variance continued to be carried over without being rectified.

Recommendation

The Department should ensure that monthly drawings reconciliations are carried out and verified with the GL system figure, and differences rectified.

Department's Comments**22.35 Revolving Fund Account – Suspense**

The Minister of Finance approved the establishment of this Revolving Fund Account (RFA) with a financial ceiling of \$250,000.²² The account was set up to promote the different types of timber available in Fiji by manufacturing and selling furniture and display items.

The Trading Account activity for the Department is located in Nasinu and its operations include timber sales, chemical analysis, ripping logs and sale of minor furniture and woodcrafts.

The following deficiencies were noted in the Trade and Manufacturing Account (TMA).

- The Department did not take into account costs incurred such as electricity, water, repairs, maintenance and indirect labour costs when preparing the account.
- The Department could not justify the increase in closing stock to \$33,502.97 from the opening stock of \$22,252.16 when no purchases were recorded during the year.
- The Department could not substantiate TMA surplus of \$94,441.57 in the Balance Sheet for the year ended 31/12/2008

²² Extracted from Appendix 19 of the Accounts and Finances Report
Ministry of Primary Industries

The TMA is incorrect as certain expenditure was not accounted and appropriate records not produced to support amounts disclosed in its financial statements.

Recommendations

The department should:

- **justify the increase in closing stock balance to \$33,502.97 when no purchase was made during the year, and the TMA surplus of \$94,441.57 and**
- **take in all the relevant costs in their TMA reports to ascertain the true financial position of the TMA.**

Department's Comments

AUDIT FINDINGS – DEPARTMENT OF FISHERIES

22.36 Study Leave without Salary

Officers who have been confirmed to the permanent establishment must, if they wish to resign, give not less than 30 consecutive days notice of their intention, in order that other arrangement may be made for the filling of their posts. The period of notice of resignation should exclude any annual and long service leave due to an officer before resignation. Unless approved by the Commission, an Officer who resigns without giving 30 consecutive days notice may be required to pay 30 days salary in lieu of notice.²³

An Officer receiving training at Government expense, including any on aid made available by donor countries and organizations, must be bonded before they proceed on training either on pay or without pay to serve in the Public Service or elsewhere for a specified period.²⁴ Permanent Secretaries and Head of Departments shall be responsible for the completion of the bonds in respect of their Officers and to ensure that two (2) completed bond forms are sent to PSC, one retained by the department and one by the Officer.²⁵

The Public Service Commission on 25/1/07 approved that Fisheries Officer Ms. Warsha Singh (EDP 63752) be granted study leave without pay with effect from 1 January 2007 to 31 May 2008. She was to undertake a Master of Science in Environmental Studies and Natural Resources Management at the United Nations University in Iceland.

The officer while studying overseas requested an extension to her leave from 01/06/08 to 30/09/08; however this was not approved by the Department.

It was noted that the Officer tendered her resignation from Iceland and started work at the University of the South Pacific upon her return.

The following irregularities were noted:

²³ General Order 1993 Section 222 (a)

²⁴ General Order 1993 Section 901(a) (i)

²⁵ General Order 1993 Section 901(g) (i)

- The Department did not cease payment of the officer's salary with effect from 1/1/07 which resulted in overpayment of salaries of \$1,564.24.
- The Department failed to arrange for the bond form to be completed by the Officer prior to the Officer leaving for studies in accordance with GO 901(g) (i).
- The Officer failed to give 30 days notice for her resignation.
- On 9/2/09, the Department requested Public Service Commission for termination of her appointment on the ground of unauthorised absence²⁶.

The irregularities noted could emanate from the lack of good human resource management practices in the Department. The non adherence to the requirement of General Order has also resulted in the overpayment of salary and the bond forms not being completed by the Officer.

Recommendations

- **The Department should ensure that Officer on study leave with or without pay should be bonded as required by General Order 901, and that salary to be ceased immediately, and**
- **Responsible officer should be surcharged for the overpayment made.**

Department's Comments

This issue was not only a mistake of the Department of Fisheries but also an error on the part of the Public Service Commission. Ms. Warsha Singh should not have been given the approval to leave the country without completing her bond obligations. The Department has already strengthen our Training Division and we ensure Rules and Regulation will be adhered to.

22.37 Official Revenue Receipt not Issued by the Revenue Collector

When cash or bank cheques are received, the revenue collector shall immediately issue an official receipt. The revenue collector must enter relevant details specified on the receipt before signing it.

The original receipt should be detached from the receipt books and issued to the payer.²⁷

It was noted that Fisheries Technical Officer, Saimoni Tauvoli (EDP 61576) who is based at the Lekutu Fisheries Station did not use the *official revenue receipt* while collecting revenue on behalf of government. The officer was noted to have issued *unofficial receipts totalling \$1,030.39* for sale of ice. The officer also issued unofficial receipts totalling \$1,377 to support payments for out of pocket expenses such as transport and staff allowances for Lekutu Station. Refer to *Appendix 22.8* for details.

Moreover, the ice were sold to people who do not hold fishing license at a price that is lower than the *non licensed price* which resulted in short collection of \$878.79. Refer to *Appendix 22.9* for details.

It was not possible to ascertain whether an investigation was carried out and disciplinary action taken against this officer. Furthermore, a losses report was not prepared and submitted to Ministry of Finance.

²⁶ Letter from Ministry to Public Service Commission dated 9/2/09

²⁷ Fisheries Department Manual 5.3

Such findings indicate the lack of proper supervision and lack of desirable internal controls being applied at outer stations.

Recommendations

- **The Department should carry out an internal investigation and appropriate disciplinary action taken against the officer concerned.**
- **Official receipts should be issued to customers upon receipt of monies.**
- **The Department should make surprise checks or visits to deter such unwarranted actions.**

Department's Comments

The alleged officer in this case was transferred out of that station to another and his authority to collect revenue was withdrawn. The department is trying to gather details and facts again into this allegation to pursue the case further. The delay in this was due to the fact that there were too many changes for the desk officer responsible for discipline. The Department does make the surprise checks to stations as part of our internal control measures and that's how the above was detected and warranted an investigation to be carried out.

22.38 Non Maintenance of Ponds at Naduruloulou

The fresh water aquaculture project is centred at the Naduruloulou Freshwater aquaculture station with supporting facilities in Lawaqa, Ba, and Dreketi.

The commodities involved at the research station are as follows:²⁸ Freshwater Prawn, Tilapia, Carp Culture and Ornamental Fish.

The Department through its freshwater aquaculture project constructed 16 ponds which are technically referred to as “Tanks” at the Naduruloulou Research Station. These ponds were to be utilised for nursing new hatchlings of fish and prawns to suitable sizes for delivery to farmers as well as research purposes.

The ponds were constructed by Cama Holding at a cost of \$18,500 in December 2008. A site visit on 18 March 2009 at Naduruloulou Research Station revealed that all the 16 ponds were not in use and were overgrown with grass and weeds. The pictures below show the current status of the ponds.



Figure 22.2: Sprayed ponds with grasses grown



Figure 22.3: Ponds with overgrown grasses yet to be sprayed

The state of the ponds implies that either the Department did not conduct a proper feasibility study for the viability of such project or merely poor planning and management by the Department.

Recommendation

The Department should ensure that a proper feasibility study is carried out before undertaking any project to ensure that there is value for money for public monies spent.

Department's Comments

There was feasibility study being carried out before the 16 ponds were dug out based on the existing ponds at Naduruloulou. During the flood, the ponds were filled up again and needs to be cleaned. However, Natures call is beyond our control. The Department will do it's very best to minimize the costs associated with cleaning up of the ponds again and will work according to its usage.

AUDIT FINDINGS – DEPARTMENT OF FORESTRY

22.39 Excessive Charges for Hire of Carrier EF 319

Section 12(1) of the Finance Instruction 2005 states that 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.

The Department hired a 3 tonne carrier registration number EF 319 belonging to Esava Turaganian Transport to transport Forestry Technician Students' luggage to the Fiji Pine Limited Plantation in Lololo. The students were to attend the following courses.

- i. Plantation Management Practical course from 15/09/08 to 19/09/08
- ii. Forest Plantation harvesting practical session from 13/10/08 to 17/10/08.

The carrier transported the students' luggage from Colo-i-Suva to Lololo at the beginning of the course and also dropped them off to Colo i Suva at the end of the course while the students travelled in the Department's two minibuses.

It was noted that competitive quotations were not obtained for the provision of this services. Furthermore, the total charges of \$4,263 for the hire of the carrier appear excessive given that it was only picking and dropping luggage from Colo-i-Suva and Lololo. Details of payment are shown in Table 22.16 below:

TABLE 22.16: DETAILS OF PAYMENT to ESAVA TURAGANIA TRANSPORT

Date	Cheque No.	Details	Amount (\$)
20/12/08	25353	Drop luggage to Lololo from Colo-i-Suva on 13/09/08	2,165.92
		Drop luggage to Colo-i-Suva from Lololo on 20/09/08	
		Drop luggage to Lololo from Colo-i-Suva on 13/10/08	1,059.61
		Drop luggage to Colo-i-Suva from Lololo on 17/10/08	1,037.51

Date	Cheque No.	Details	Amount (\$)
Total			4,263.04

There is a lack of good management practices over circumstances surrounding the engagement of this supplier of service. The invoices for the above trips were also not properly scrutinised before payments were made which resulted in the excessive charges being paid and collusion with the supplier cannot be ruled out as quotations were not obtained.

Recommendations

- **The Department must obtain at least 3 written competitive quotes for any procurement of goods, services for works that cost more than \$100 but less than \$20,000 in accordance with Finance Instruction 2005.**
- **Disciplinary action should be instigated against the responsible officer.**

Department's Comments

The carrier was arranged from MFF HQ as it has the appropriate tender approvals thus extra quotations are not necessary, as the cost of the trip will be according to the agreed tender rate. All arrangements for the two return trips and processing of invoices were carried out MFF Accounts Section.

MFF Accounts sections are again re-looking at the situation.

22.40 Overdue Ripping Charges

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

- No further credit shall be extended to the debtor;
- A demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than one month;
- If the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.²⁹

Within the first week of each month, the credit officer shall prepare a list of debts that are not yet due and that are overdue. The list of debts shall also include recovery measures undertaken. The list must be forwarded to the Principal Accounts Officer. If a final notice has been issued to one of the debtors listed, the Principal Accounts Officer may approve the case be referred to the Solicitor General or Small Claims Tribunal, after considering the cost implications and the probability of recovery.³⁰

On 28/04/09, 4.172m³ of ripped timbers were stacked at the Nasinu Timber Utilisation Division (TUD) yard. It was noted that the owner has neither made any effort in collecting the ripped timber nor has he made an arrangement to pay the ripping charges of \$709.

Moreover, 3.023 m³ of ripped timber were delivered to another client by the Department without ripping charges of \$514 been paid.

²⁹ Department's Finance Manual 9.2.1

³⁰ Department's Finance Manual 9.2.2, 9.2.3 & 9.2.4

The Department failed to apply laid down procedures to recover the outstanding charges. Such anomalies denote weaknesses in the control of TMA operations and the possibility of the Nasinu Timber Utilisation Division staffs colluding with the timber owners cannot be also ruled out. The above could also lead to the accumulation of debts for TMA.

Recommendations

The Department should take immediate actions to recover the monies incurred by government on ripping the above timbers and review its TMA operation to include the payment of a deposit prior to the ripping of timber.

Department's Comments

The timber personally belonging to one Mr. Netava, and the charge is \$709.25 with the timber still held in stock. The issue had been discussed with Mr Netava regarding payment and he has agreed for us to sell the timbers to recover the charges. A letter to confirm in this regard was sent to Mr. Netava which he had agreed and also endorsed.

On the second referred to on Table 7, the unpaid Ripped Timber Delivered. The timber belongs to landowners of Sote Village, and there was a misunderstanding between the owners and the buyer on who does the payment.

A letter was written to the owners of the timber for payment of this ripping charge and they had agreed to pay the outstanding amount.

22.41 Non Submission of Timber Samples for Confirmatory Analysis

It is the Department of Forests responsibility to ensure that timber treated by saw millers is of quality standards and complied with the specifications they are treated. Treatment plant owners are therefore required to submit treated timber samples to the Nasinu Timber Utilisation Division Laboratory for confirmatory analysis.

Charge analysis will normally be based on 10 samples, assuming uniform charge material. Minimum elemental requirements to be met are 9 out of 10 samples for all hazard levels.³¹ Failure to comply with directives will lead to revocation of treatment plant license.³²

A total of twenty (20) licensed timber treatment plants were operating in 2008 under the 1992 Forest Preservative Treatment Regulations. It was noted that the following thirteen (13) treatment plants failed to submit any treated timber samples for timber quality confirmatory analysis.

TABLE 22.17: TIMBER PLANTS THAT FAILED TO SUBMIT TIMBER SAMPLES

Division	Plant No	Operator	Location
Northern	876	Lumber Processors	Savusavu
	895	Waiqeke Sawmill Ltd.	Qelewaqa, Labasa
	898	Hanshine Enterprises Ltd.	Naqelekula, Savusavu
	902	Vunimoli Sawmill	Vunimoli, Labasa
Southern	879	Sustainable Forest Industries	Nakaulevu, Navua
	884	Island Forest Timber & Hardware Supplies	Laucala Beach Estate, Suva
	887	Amras Earthworks Ltd.	Lakena, Nausori
	888	Nur Ahmed & Co. Ltd	Yarawa, Navua

³¹ Forest (Preservative Treatment) Specifications 1992 – Para 6.9

³² Ministry of Fisheries and Forest letter to Best Industries Ltd on Quality Control

Division	Plant No	Operator	Location
Western	889	Touch Wood Investments	Nabukavesi, Navua
	880	Best Industries Ltd	Drasa, Lautoka
	883	Global Import & Export	Olosara, Sigatoka
	892	Dayals Sawmillers Ltd.	Yalalevu, Ba
	894	K K Komove Logging Co. Ltd.	Nalovo, Nadi

The non submission of treated timber samples with its treatment specifications to the Department of Forests by the treatment plant is a breach of forestry regulation which warrants revocation of license. There is also a possibility that these companies are selling low quality treated timber to the public.

Recommendations

- **The Department should revoke the treatment plant license of those operators that are constantly not complying with the regulation, and**
- **Adequate follow up actions should be taken to ensure that operators submit timber samples for quality confirmatory analysis.**

Department's Comments

The concern is noted and the same will be closely monitored and adequate measures will be taken to address the issue.

Appendix 22.1: Statement of Output Costs - Department of Agriculture**Policy & Administration-General Administration**

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,256,136	1,536,679
Unestablished Staff	115,133	318,773
Travel & Communication	137,416	258,680
Maintenance & Operations	491,453	479,266
Purchase of Goods & Services	60,210	71,755
Operating Grants & Transfers	711,441	816,858
Special Expenditures	14,344	47,932
Total Operating Costs	2,786,133	3,529,943
Capital Costs		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	1,000,000	864,179
Total Capital Costs	1,000,000	864,179
Value Added Tax	100,932	281,709
TOTAL EXPENDITURE	3,887,065	4,657,831

Economic Planning and Statistical Services

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	569,973	579,132
Unestablished Staff	33,686	32,438
Travel & Communication	11,418	14,116
Maintenance & Operations	21,790	25,195
Purchase of Goods & Services	6,670	10,441
Operating Grants & Transfers	0	0
Special Expenditures	159,645	98,353
Total Operating Costs	803,182	759,675
Capital Costs		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	2,335,469	750,246
Total Capital Costs	2,335,469	750,246
Value Added Tax	29,302	83,311
TOTAL EXPENDITURE	3,167,953	1,593,232

Research

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	241,337	346,062
Unestablished Staff	280,349	350,815
Travel & Communication	21,764	20,129
Maintenance & Operations	9,805	8,310
Purchase of Goods & Services	43,486	30,663
Operating Grants & Transfers	0	0
Special Expenditures	0	0
Total Operating Costs	596,741	755,979
Capital Costs		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	10,217	86,937
TOTAL EXPENDITURE	606,958	842,916

Information Services

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	155,415	32,346
Unestablished Staff	7,068	2,842
Travel & Communication	3,835	4,590
Maintenance & Operations	1,556	1,598
Purchase of Goods & Services	23,205	23,579
Operating Grants & Transfers	0	0
Special Expenditures	0	0
Total Operating Costs	191,079	64,955
Capital Costs		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	3,578	13,664
TOTAL EXPENDITURE	194,657	78,619

Drainage and Irrigation

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	493,202	63,397
Government Wage Earners	24,837	14,124
Travel & Communication	10,623	12,090
Maintenance & Operations	13,134	12,620
Purchase of Goods & Services	3,008	2,985
Operating Grants & Transfers	0	0
Special Expenditures	0	0
Total Operating Costs	544,804	105,216
Capital Costs		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	3,804	29,448
TOTAL EXPENDITURE	548,608	134,664

Quarantine

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staffs	1,488,988	1,682,389
Unestablished Staff	78,533	98,614
Travel & Communication	15,581	16,467
Maintenance & Operations	28,546	26,074
Purchase of Goods & Services	20,554	19,351
Operating Grants & Transfers	0	0
Special Expenditures	140,359	0
Total Operating Costs	1,772,561	1,842,895
Capital Costs		
Capital Construction	0	0
Capital Purchase	313,595	380,069
Capital Grants & Transfers	0	0
Total Capital Costs	313,595	380,069
Value Added Tax	52,419	254,851
TOTAL EXPENDITURE	2,138,575	2,447,815

Crops – Administration

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,337,113	1,392,798
Unestablished Staff	61,618	99,267
Travel & Communication	46,391	38,382
Maintenance & Operations	128,571	132,971
Purchase of Goods & Services	1,770	1,245
Operating Grants & Transfers	0	0
Special Expenditures	0	0
Total Operating Costs	1,575,463	1,664,663
Capital Costs		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	22,958	184,973
TOTAL EXPENDITURE	1,598,421	1,849,636

Extension

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,627,328	1,790,233
Unestablished Staff	1,400,610	1,451,845
Travel & Communication	57,108	39,563
Maintenance & Operations	133,493	70,328
Purchase of Goods & Services	9,157	5,088
Operating Grants & Transfers	0	0
Special Expenditures	0	0
Total Operating Costs	3,227,696	3,357,057
Capital Costs		
Capital Construction	2,838,856	247,843
Capital Purchase	0	0
Capital Grants & Transfers	1,000,000	650,000
Total Capital Costs	3,838,856	897,843
Value Added Tax	407,419	413,003
TOTAL EXPENDITURE	7,473,971	4,667,903

Research

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,298,980	1,273,282
Unestablished Staff	963,119	1,012,892
Travel & Communication	22,730	18,546
Maintenance & Operations	63,775	52,590
Purchase of Goods & Services	26,932	27,405
Operating Grants & Transfers	0	0
Special Expenditure	33,259	47,196
Total Operating Costs	2,408,795	2,431,911
Capital Costs		
Capital Construction	0	79,149
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	79,149
Value Added Tax	15,582	310,676
TOTAL EXPENDITURE	2,424,377	2,821,736

Sugar Development

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	62,736	33,484
Unestablished Staff	111,315	117,077
Travel and Communication	5,547	4,486
Maintenance & Operations	6,618	3,547
Purchase of Goods & Services	2,450	2,413
Operating Grants & Transfers	0	0
Special Expenditures	0	0
Total Operating Costs	188,666	161,007
Capital Costs		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	2,117	38,721
TOTAL EXPENDITURE	190,783	199,278

Irrigation

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	145,410	115,031
Unestablished Staff	144,123	131,234
Travel & Communication	11,343	7,800
Maintenance & Operations	162,508	150,198
Purchase of Goods & Services	14,218	16,425
Operating Grants and Transfer	0	0
Special Expenditures	0	0
Total Operating Costs	477,602	420,688
Capital Costs		
Capital Construction	124,824	235,042
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	124,824	235,042
Value Added Tax	40,409	92,469
TOTAL EXPENDITURE	642,835	748,199

Livestock – Administration

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	356,161	381,866
Unestablished Staff	35,764	26,026
Travel & Communication	4,466	5,003
Maintenance & Operations	10,840	6,299
Purchase of Goods & Services	4,297	3,432
Operating Grants and Transfer	0	0
Special Expenditures	24,581	26,663
Total Operating Costs	436,109	449,289
Capital Costs		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	5,959	54,578
TOTAL EXPENDITURE	442,068	503,867

Extension

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,174,457	1,386,775
Unestablished Staff	219,187	243,234
Travel & Communication	16,803	15,158
Maintenance & Operations	41,896	33,182
Purchase of Goods & Services	3,123	1,149
Operating Grants and Transfer	664,109	74,356
Special Expenditures	0	0
Total Operating Costs	2,119,575	1,753,854
Capital Costs		
Capital Construction	414,382	672,342
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	414,382	672,342
Value Added Tax	55,405	286,453
TOTAL EXPENDITURE	2,589,362	2,712,649

Research

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	135,375	169,533
Unestablished Staff	351,107	345,075
Travel & Communication	2,685	1,778
Maintenance & Operations	9,373	11,716
Purchase of Goods & Services	41,463	44,676
Operating Grants and Transfer	0	0
Special Expenditures	0	0
Total Operating Costs	540,003	572,778
Capital Costs		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	8,565	65,279
TOTAL EXPENDITURE	548,568	638,507

Education and Training – Fiji College of Agriculture

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	384,312	393,468
Unestablished Staff	148,748	153,532
Travel & Communication	22,504	22,351
Maintenance & Operations	166,839	150,441
Purchase of Goods & Services	53,289	58,423
Operating Grants and Transfer	4,049	6,295
Special Expenditures	0	0
Total Operating Costs	779,741	784,510
Capital Costs		
Capital Construction	164,309	86,431
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	164,309	86,431
Value Added Tax	56,680	106,516
TOTAL EXPENDITURE	1,000,730	977,457

Land, Drainage and Flood Protection – Rehabilitation

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	496,849	1,894,196
Unestablished Staff	393,321	428,182
Travel & Communication	0	0
Maintenance & Operations	0	0
Purchase of Goods & Services	0	0
Operating Grants and Transfer	0	0
Special Expenditures	0	0
Total Operating Costs	890,170	2,322,378
Capital Costs		
Capital Construction	4,655,944	3,373,402
Capital Purchase	0	0
Capital Grants & Transfers	1,998,417	0
Total Capital Costs	6,654,361	3,373,402
Value Added Tax	648,128	725,968
TOTAL EXPENDITURE	8,192,659	6,421,748

Land Resettlement – Resettlement of Displaced Farmers

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	853,713	120,690
Unestablished Staff	141,823	132,092
Travel & Communication	41,886	49,188
Maintenance & Operations	226,821	309,121
Purchase of Goods & Services	15,067	19,236
Operating Grants and Transfer	0	0
Special Expenditures	0	0
Total Operating Costs	1,279,310	630,327
Capital Costs		
Capital Construction	12,290	0
Capital Purchase	0	0
Capital Grants & Transfers	782,426	390,942
Total Capital Costs	794,716	390,942
Value Added Tax	40,100	192,702
TOTAL EXPENDITURE	2,114,126	1,213,971

Agricultural Tribunal – General Administration

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	137,138	107,898
Unestablished Staff	17,145	15,383
Travel & Communication	13,846	8,723
Maintenance & Operations	12,874	11,309
Purchase of Goods & Services	1,487	2,111
Operating Grants and Transfer	0	0
Special Expenditures	0	0
Total Operating Costs	182,490	145,424
Capital Costs		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	3,155	2,588
TOTAL EXPENDITURE	185,645	148,012

Alternative Livelihood Programme – General Administration

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	0	225,357
Unestablished Staff	0	571
Travel & Communication	0	0
Maintenance & Operations	0	0
Purchase of Goods & Services	0	0
Operating Grants and Transfer	0	0
Special Expenditures	0	14,481
Total Operating Costs	0	240,409
Capital Costs		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	0	0
TOTAL EXPENDITURE	0	240,409

Appendix 22.2: Revenue not claimed by the Department from Post Fiji

Stations	Receipt No's	Date Lodged with Post Fiji by Stations	Date Receipts and Analysis Sheet Received at Accounts Section	Amount
Navua	31205 – 31230	03/12/08	15/12/08	76.75
Navua		05/12/08	15/12/08	30.55
Navua		10/12/08	15/12/08	333.90
Navua		12/12/08	02/01/09	37.50
Navua		15/12/08	02/01/09	8.95
Navua		17/12/08	02/01/09	20.85
Navua		19/12/08	02/01/09	83.20
Navua		24/12/08	02/01/09	89.55
Navua		30/12/08	02/01/09	98.90
Seaqqaqa	182088 – 182377	02/12/08	04/12/08	118.12
Seaqqaqa		04/12/08	15/12/08	269.37
Seaqqaqa		05/12/08	15/12/08	104.80
Seaqqaqa		09/12/08	15/12/08	425.78
Seaqqaqa		12/12/08	30/12/08	48.66
Seaqqaqa		15/12/08	30/12/08	128.56
Seaqqaqa		22/12/08	30/12/08	1,252.37
Seaqqaqa		23/12/08	30/12/08	473.68
Bua	230842 – 230844	17/12/08	08/01/09	60.00
Bua		09/12/08	29/12/08	135.00
Bua		04/12/08	29/12/08	30.00
Korovou	872303 – 872323	03/12/08	08/01/09	45.00
Korovou		04/12/08	08/01/09	50.80
Korovou		31/12/08	08/01/09	276.45

Stations	Receipt No's	Date Lodged with Post Fiji by Stations	Date Receipts and Analysis Sheet Received at Accounts Section	Amount
Korovou		31/12/08	08/01/09	953.15
Vunidawa	789439 – 789447	12/11/08	07/01/09	23.00
Vunidawa		16/12/08	07/01/09	141.75
Dreketi	182251 – 182278, 548412	08/12/08	11/12/08	261.96
Dreketi		17/12/08	11/12/08	59.73
Dreketi		19/12/08	11/12/08	290.40
TOTAL				\$5,928.75

Appendix 22.3: Wainiyabia Youth Farm, Serua



Fig 22.4 : Whole farm overgrown with grass



Fig 22.5 : Overgrown farm with little effort from youth members

Appendix 22.4: Services Rendered by Automech

Date	Vehicle Registration No.	Nature of Repairs	Cost (\$)
25/03/08	GM569	General overall	5,800.00
17/11/08	GM504	Parts change	1,570.00
29/04/08	GN065	Service	98.00
19/11/08	GN553	Full service- parts change	335.00
02/09/08	GN065	Parts change	900.00
03//06/08	GM425	Breakdown repair	290.00
03/06/08	GM425	Repair damage	596.00
26/04/08	GM456	Parts change and repair	830.00
19/11/08	GN065	Supply / fit new gear box	8,800.00
26/08/08	GM569	Repair	1,190.00
07/05/07	GN078	Major repair – parts change	1,401.00
15/06/07	GN164	Service and parts change	170.00
01/11/07	GM610	Service and parts change	470.00
10/11/07	GM731	Service and parts change	80.00
09/11/07	GM569	Service and parts change	92.00
04/08/07	GN065	Repair	88.00
14/07/07	GN065	Service / parts change	96.00
04/11/07	GM475	Parts change / body repair	4,244.00
	Total		27,050

Appendix 22.5: Stolen Items from the Vet Lab

Serial Number	Items Stolen
GNTCMIS	Computer PC (full set)
IPTCMIS	Computer PC (full set)
FNTCMIS	Computer PC (full set)
W4916	Computer PC (flat panel LCD 17" monitor)
L/51118170	ELISA plate Multiskan EX microplate photometer with 650nm
64101672	Fuji Film Digital 9.1 mega pixel camera S9600 with rechargeable batteries
HP92A	Printer Laser Jet
HP5L/6L	Printer Laser Jet
	Wall Clock
	Table world globe

Appendix 22.6: Delays in Revenue Lodgement**Headquarters – Raiwaqa**

Receipt No.	Receipt Date	Lodgement Date	Amount (\$)	No. of Days Delayed
34599	06.10.08	08.10.08	6,690.00	2 days
34600	08.10.08	13.10.08	53.96	5 days
182501	09.10.08	13.10.08	27.00	4 days
182506	23.10.08	27.10.08	1,331.00	4 days
182506	23.10.08	27.10.08	1,331.00	4 days
182510	31.10.08	04.11.08	20.00	4 days
182516	06.11.08	26.11.08	148.60	20 days
182517	07.11.08	26.11.08	100.00	21 days
182518	10.11.08	26.11.08	71.00	16 days
182519	12.11.08	26.11.08	100.00	14 days
182520	13.11.08	26.11.08	162.85	13 days
182521	13.11.08	26.11.08	5,580.93	13 days
182522	14.11.08	26.11.08	10.00	12 days
182523	13.11.08	28.11.08	174.38	15 days
182524	13.11.08	26.11.08	633.55	13 days
182525	14.11.08	26.11.08	0.60	12 days
182526	17.11.08	26.11.08	132.10	9 days
182527	19.11.08	26.11.08	226.65	7 days
182528	19.11.08	26.11.08	20.00	7 days
182529	20.11.08	26.11.08	3.00	6 days
182530	20.11.08	28.11.08	583.45	8 days
182533	27.11.08	29.12.08	25.50	31 days
182534	27.11.08	15.12.08	55.95	18 days
182535	28.11.08	29.12.08	194.95	30 days
182536	01.12.08	29.12.08	100.00	28 days
182537	03.12.08	15.12.08	182.24	12 days
182538	03.12.08	29.12.08	43.20	26 days
182539	04.12.08	15.12.08	40.00	11 days
182540	04.12.08	15.12.08	3.10	11 days
182541	05.12.08	15.12.08	0.50	10 days
182542	09.12.08	15.12.08	8.20	6 days
182543	09.12.08	15.12.08	6.45	6 days

Receipt No.	Receipt Date	Lodgement Date	Amount (\$)	No. of Days Delayed
182544	09.12.08	15.12.08	6,380.00	6 days
187055	19.12.08	29.12.08	75.00	10 days
187056	23.12.08	29.12.08	19.00	6 days
187057	23.12.08	29.12.08	53.96	6 days
187058	24.12.08	29.12.08	350.00	5 days
187059	24.12.08	29.12.08	53.96	5 days
187060	24.12.08	29.12.08	2,372.49	5 days
187066	24.12.08	29.12.08	5,345.00	5 days
187067	24.12.08	29.12.08	724.04	5 days
187068	24.12.08	29.12.08	5,595.73	5 days
187070	29.12.08	14.01.09	369.00	15 days
187074	29.12.08	21.01.09	9,902.22	23 days
187075	30.12.08	21.01.09	360.00	22 days
187076	30.12.08	21.01.09	519.46	22 days

Animal Health & Production – Vatuwaqa

Receipt No.	Receipt Date	Lodgement Date	Amount (\$)	No. of Days Delayed
25480	27.08.08	01.09.08	13.50	4 days
32762	03.09.08	10.09.08	1,600.00	7 days
32965	16.09.08	22.09.08	20.00	6 days
32966	16.09.08	22.09.08	210.00	6 days
32967	17.09.08	22.09.08	100.40	5 days
32968	17.09.08	22.09.08	14.00	5 days
32969	17.09.08	22.09.08	2.00	5 days
32970	17.09.08	22.09.08	7.30	5 days
32971	18.09.08	22.09.08	5.00	4 days
32972	19.09.08	22.09.08	55.00	3 days
32973	19.09.08	22.09.08	2.50	3 days
32974	19.09.08	22.09.08	280.00	3 days
32975	19.09.08	22.09.08	3.60	3 days

Appendix 22.7: Statement of Output Costs - Fisheries and Forestry**Programme 9 – Policy and Administration****Activity 1 – General Administration**

SEG	Item	2008 \$	2007 \$
1	Established Staff	432,999	374,500
2	Government Wage Earners	35,357	22,624
3	Travel & Communications	15,902	13,676
4	Maintenance & Operations	15,206	15,812
5	Purchase of Goods & Services	1,918	1,963
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	Total Operating Expenditure	501,382	428,575
8	Capital Construction	0	0
9	Capital Purchase	0	0

SEG	Item	2008 \$	2007 \$
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	0	0
13	Value Added Tax	4,050	54,416
	Total Expenditure	505,432	482,991

Activity 2 – Economic Policy, Planning and Statistics

SEG	Item	2008 \$	2007 \$
1	Established Staff	97,656	76,056
2	Government Wage Earners	1,373	1,720
3	Travel & Communications	4,291	3,980
4	Maintenance & Operations	605	963
5	Purchase of Goods & Services	0	0
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	Total Operating Expenditure	103,925	82,719
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	0	0
13	Value Added Tax	575	13,446
	Total Expenditure	104,500	96,165

Programme A– Forestry**Activity 1 – General Administration**

SEG	Item	2008 \$	2007 \$
1	Established Staff	928,140	973,279
2	Government Wage Earners	340,889	363,803
3	Travel & Communications	59,606	61,779
4	Maintenance & Operations	134,445	136,930
5	Purchase of Goods & Services	12,679	16,042
6	Operating Grants & Transfers	535,000	561,507
7	Special Expenditure	0	0
	Total Operating Expenditure	2,010,759	2,113,340
8	Capital Construction	0	4,146,126
9	Capital Purchase	0	21,300
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	0	4,167,426
13	Value Added Tax	22,813	428,818

SEG	Item	2008 \$	2007 \$
	Total Expenditure	2,033,572	6,709,584

Activity 2 – Forest Management Services

SEG	Item	2008 \$	2007 \$
1	Established Staff	130,681	74,469
2	Government Wage Earners	11,589	11,800
3	Travel & Communications	2,642	3,595
4	Maintenance & Operations	15,360	11,739
5	Purchase of Goods & Services	4,409	3,821
6	Operating Grants & Transfers	0	0
7	Special Expenditure	1,048	0
	Total Operating Expenditure	165,729	105,424
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	0	0
13	Value Added Tax	1,661	30,839
	Total Expenditure	167,390	136,263

Activity 3 – Training and Education

SEG	Item	2008 \$	2007 \$
1	Established Staff	153,153	128,647
2	Government Wage Earners	87,006	85,399
3	Travel & Communications	8,011	8,332
4	Maintenance & Operations	18,482	20,482
5	Purchase of Goods & Services	270,997	101,702
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	Total Operating Expenditure	537,649	344,563
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	0	0
13	Value Added Tax	36,225	38,828
	Total Expenditure	573,874	383,391

Activity 4 – Silviculture Research

SEG	Item	2008 \$	2007 \$
1	Established Staff	179,972	156,639
2	Government Wage Earners	96,333	101,136

SEG	Item	2008 \$	2007 \$
3	Travel & Communications	6,635	7,230
4	Maintenance & Operations	16,892	16,918
5	Purchase of Goods & Services	21,438	19,488
6	Operating Grants & Transfers	0	0
7	Special Expenditure	66,232	0
	Total Operating Expenditure	387,502	301,411
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	402,478
	Total Capital Expenditure	0	402,478
13	Value Added Tax	13,808	41,500
	Total Expenditure	401,310	745,389

Activity 5 – Timber Utilization Research and Promotion

SEG	Item	2008 \$	2007 \$
1	Established Staff	188,356	166,819
2	Government Wage Earners	87,375	117,881
3	Travel & Communications	13,399	12,454
4	Maintenance & Operations	30,134	25,772
5	Purchase of Goods & Services	89,758	57,871
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	Total Operating Expenditure	409,022	380,797
8	Capital Construction	226,678	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	226,678	0
13	Value Added Tax	40,979	42,320
	Total Expenditure	676,679	423,117

Activity 6 – Planting (Assistance and Advice)

SEG	Item	2008 \$	2007 \$
1	Established Staff	49,882	95,938
2	Government Wage Earners	87,698	93,478
3	Travel & Communications	3,433	4,014
4	Maintenance & Operations	5,055	6,345
5	Purchase of Goods & Services	4,408	5,149
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	Total Operating Expenditure	150,476	204,924

SEG	Item	2008 \$	2007 \$
8	Capital Construction	0	62,950
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	0	62,950
13	Value Added Tax	389	39,409
	Total Expenditure	150,865	307,283

Activity 7 – Harvesting

SEG	Item	2008 \$	2007 \$
1	Established Staff	433,911	446,023
2	Government Wage Earners	92,376	77,072
3	Travel & Communications	15,919	10,279
4	Maintenance & Operations	42,754	20,482
5	Purchase of Goods & Services	16,945	5,733
6	Operating Grants & Transfers	0	0
7	Special Expenditure	78,746	130,787
	Total Operating Expenditure	680,651	690,376
8	Capital Construction	78,603	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	78,603	0
13	Value Added Tax	28,709	105,650
	Total Expenditure	787,963	796,026

Activity 8 – Forest, Parks and Nature Reserves

SEG	Item	2008 \$	2007 \$
1	Established Staff	33,574	48,982
2	Government Wage Earners	30,636	28,150
3	Travel & Communications	1,228	1,148
4	Maintenance & Operations	2,775	2,096
5	Purchase of Goods & Services	59,353	60,783
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	Total Operating Expenditure	127,566	141,159
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	0	0
13	Value Added Tax	4,887	16,399

SEG	Item	2008 \$	2007 \$
	Total Expenditure	132,453	157,558

Programme B– Fisheries**Activity 1 – Administration**

SEG	Item	2008 \$	2007 \$
1	Established Staff	230,462	225,400
2	Government Wage Earners	104,103	111,499
3	Travel & Communications	17,536	14,805
4	Maintenance & Operations	394,246	335,260
5	Purchase of Goods & Services	11,491	10,848
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	Total Operating Expenditure	757,838	697,812
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	0	0
13	Value Added Tax	50,132	92,057
	Total Expenditure	807,970	789,869

Activity 2 – Training and Education

SEG	Item	2008 \$	2007 \$
1	Established Staff	101,035	122,060
2	Government Wage Earners	11,049	6,879
3	Travel & Communications	4,950	4,919
4	Maintenance & Operations	25,685	19,065
5	Purchase of Goods & Services	29,340	38,280
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	Total Operating Expenditure	172,059	191,203
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	0	0
13	Value Added Tax	7,614	26,473
	Total Expenditure	179,673	217,676

Activity 3 – Research

SEG	Item	2008	2007
-----	------	------	------

		\$	\$
1	Established Staff	218,245	290,500
2	Government Wage Earners	99,821	78,860
3	Travel & Communications	7,213	7,529
4	Maintenance & Operations	99,164	11,033
5	Purchase of Goods & Services	12,405	6,869
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	Total Operating Expenditure	436,848	394,791
8	Capital Construction	273,223	378,753
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	273,223	378,753
13	Value Added Tax	48,372	132,653
	Total Expenditure	758,443	906,197

Activity 4 – Fisheries Management and Technical Services

SEG	Item	2008 \$	2007 \$
1	Established Staff	490,422	461,640
2	Government Wage Earners	44,969	42,876
3	Travel & Communications	9,327	5,095
4	Maintenance & Operations	30,861	18,633
5	Purchase of Goods & Services	4,172	5,449
6	Operating Grants & Transfers	0	0
7	Special Expenditure	341,103	4,276,636
	Total Operating Expenditure	920,854	4,810,329
8	Capital Construction	0	100,000
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	0	100,000
13	Value Added Tax	48,067	668,061
	Total Expenditure	968,921	5,578,390

Activity 5 – Extension Fisheries Capture

SEG	Item	2008 \$	2007 \$
1	Established Staff	538,024	574,674
2	Government Wage Earners	66,731	69,300
3	Travel & Communications	28,168	23,795
4	Maintenance & Operations	177,050	138,067
5	Purchase of Goods & Services	685	463
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	Total Operating Expenditure	810,658	806,299

SEG	Item	2008 \$	2007 \$
8	Capital Construction	347,294	408,613
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	347,294	408,613
13	Value Added Tax	67,856	170,659
	Total Expenditure	1,225,808	1,385,571

Activity 6 – Extension Aquaculture

SEG	Item	2008 \$	2007 \$
1	Established Staff	268,409	250,355
2	Government Wage Earners	102,349	141,385
3	Travel & Communications	13,810	10,829
4	Maintenance & Operations	44,535	30,012
5	Purchase of Goods & Services	3,975	2,486
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	Total Operating Expenditure	433,078	435,067
8	Capital Construction	377,286	493,107
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	Total Capital Expenditure	377,286	493,107
13	Value Added Tax	62,796	158,002
	Total Expenditure	873,160	1,086,176

Appendix 22.8: Examples of Unofficial Receipts Used

Date	Unofficial Receipt No	Particulars	Amount (\$)
11/10/00	01	Transport for staff to Seawall	12.00
13/10/00	02	Transport cost for staffs from seawall to office	10.00
13/10/00	03	Bus fare for Jakope V from Dreketi to Labasa	4.00
31/10/00	04	Refund for payment of 1 set rugby jersey	300.00
14/10/00	05	Fare for 10/11/00 & 14/11/00 from office to farm	10.00
27/08/04	06	Allowance for week ending 28/8/04	30.00
31/08/04	07	Ice sales	102.19
31/8/04	08	Ice sales	35.53
31/8/04	09	Ice sales	79.75
01/09/04	10	Ice sales	60.30
04/09/04	11	Ice sales	40.59
08/09/04	12	Ice sales	38.61
08/09/04	13	Ice sales	39.05
09/09/04	14	Ice sales	90.64
15/09/04	15	Ice sales	81.51

Date	Unofficial Receipt No	Particulars	Amount (\$)
15/09/04	16	Ice sales	53.46
17/09/04	17	Ice sales	36.41
17/09/04	18	Ice sales	10.67
18/09/04	19	Ice sales	13.53
02/09/04	20	Transport cost for charging battery	4.00
05/09/04	21	Transport cost for returning battery	3.00
03/09/04	22	Allowance	30.00
10/09/04	23	Allowance	30.00
11/09/04	24	Transport cost for charging battery	2.00
14/09/04	25	Receipt for the payment of meals for 2 days training	400.00
15/09/04	26	Transport cost for refill oil	4.00
18/09/04	27	Ice sales	45.76
27/09/04	28	Ice sales	57.75
02/10/04	29	Ice sales	38.94
04/10/04	30	Ice sales	77.99
09/10/04	31	Ice sales	10.34
09/10/04	32	Ice sales	4.40
17/09/04	33	Allowance	30.00
24/09/04	34	Allowance	30.00
01/10/04	35	Allowance	30.00
07/10/04	36	Ice sales	44.99
08/10/04	38	Ice sales	3.30
09/10/04	39	Ice sales	64.68
08/10/04	43	Allowance	30.00
29/09/04	44	Transport cost to Savusavu to pick compressor by DF586	140.00
15/10/04	45	Allowance	30.00
14/10/04	46	Loan for Elenoa's Transport to Labasa for maternal check-up	90.00
30/09/04	48	Payment of allowance and transport fare	70.00
28/09/04	53	Payment to Watekini Bozisi for transport cost	30.00
27/09/04	60	Payment for yaqona, meals and transport	50.00
11/09/04	81	Hire vehicle to transport battery	4.00
15/09/04	83	Hire to Fiji Pine for charging battery	4.00
		TOTAL	2,407.39

Appendix 22.9: Short Collection from Sale of Ice

Name	R/R No	Amount Collected \$	KG of Ice Sold	Approved Rate	Amount to be Collected	Difference
CJ Enterprise	09977	4.00	45	0.26	11.70	6.60
Gold Hold Co Ltd	09978	4.00	36	0.26	9.36	5.36
Gold Hold Co Ltd	09986	48.82	442	0.26	114.92	66.30
Gold Hold Co Ltd	09995	95.48	868	0.26	225.68	130.20
Kajur	26205	39.05	355	0.26	92.30	53.25
Gold Hold Co Ltd	26221	92.29	839	0.26	218.14	125.85
Gold Hold Co Ltd	26229	54.01	491	0.26	127.66	73.65
Gold Hold Co Ltd	26233	35.53	323	0.26	83.98	48.45
Gold Hold Co Ltd	26249	16.30	148	0.26	38.48	22.18
Gold Hold Co Ltd	26151	40.59	369	0.26	95.94	55.35
Gold Hold Co Ltd	26152	38.61	351	0.26	91.26	52.65
Gold Hold Co Ltd	26160	64.68	588	0.26	152.88	88.20
Gold Hold Co Ltd	26161	31.57	287	0.26	74.62	43.05

Name	R/R No	Amount Collected \$	KG of Ice Sold	Approved Rate	Amount to be Collected	Difference
Gold Hold Co Ltd	26169	48.18	438	0.26	113.88	65.70
Gold Hold Co Ltd	389331	13.20	120	0.26	31.12	18.00
Gold Hold Co Ltd	389342	17.60	160	0.26	41.60	24.00
Short Collected						\$ 878.79

Section 23 Ministry of Lands, Mineral Resources and Environment

Role and Responsibilities

The Ministry of Lands and Mineral Resources is made up of two Departments, namely the Department of Lands and the Department of Mineral Resources. The Department of Lands is responsible for the administration, development and management of all state land property. Activities under this programme include Land Valuation, Mapping, Development and Maintenance of State Land and Geographic Information System.

The Department of Mineral Resources undertake studies in relation to geological hazards, mineral prospectively and groundwater development and manage the development of the Mining and Quarrying Sector with a mandate under the Mining, Petroleum (Exploration and Exploitation), Quarries, Explosive and Continental Shelf Acts.

The Department of Environment is responsible for the development of government policy for the protection of the environment and its sustainable use for human resource and policing the use of the environment and ensuring compliance with Government policy by economic agents.

Table of Contents

CONSOLIDATED FINANCIAL STATEMENT	2
DEPARTMENT OF LANDS - FINANCIAL STATEMENT	2
23.1 Audit Opinion.....	2
23.2 Statement of Receipts and Expenditures.....	3
23.3 Statement of Output Costs.....	4
23.4 Appropriation Statement	4
AUDIT FINDINGS	4
23.5 Non Consolidation of Budget Sector Agency accounts	4
23.6 Output Costs not in Accordance with Budget Estimate	5
23.7 Drawings Account	5
23.8 Stale Cheques.....	6
23.9 Trust Fund Account.....	6
23.10 RFA – Interdepartmental Clearance Account	7
23.11 Revenue Variances.....	7
23.12 Value Added Tax (VAT) Reconciliation.....	8
23.13 Arrears of Revenue	8
23.14 Guarantee of Bond.....	9
23.15 Excessive Telecom Cost.....	10
23.16 Crown Lease – General Criteria	11
23.17 Low Rental Rate for Crown Leases	11
23.18 Re-assessment of lease	12
23.19 Arrears of Crown Land Lease Rent	13
23.20 Charging of Retrospective Rent due to Late Re-assessment	15
23.21 Decrease in Annual Rental of Crown Lease	16
23.22 Commercial Operations on Residential Lease	18

23.23	Non-Development on Mortgaged Lease	20
DEPARTMENT OF MINERAL RESOURCES - FINANCIAL STATEMENT		21
23.24	Audit Opinion.....	21
23.25	Statement of Receipts and Expenditure	22
23.26	Statement of Output Costs.....	23
23.27	Appropriation Statement	23
23.28	Submission of Draft Financial Statements	24
23.29	Revenue.....	24
23.30	Drawings Account	25
23.31	FNPF Reconciliation	25
23.32	VAT Reconciliation.....	26
23.33	Groundwater Borehole Revenue	26
23.34	Supply of Food Ration for Northern Project	28
23.35	Meal Claims paid to Former Accountant.....	29
23.36	Tender Not Called for Purchases Above \$20,000	30
23.37	Non Compliance to Department's Finance Manual	31
23.38	Excessive Repair Cost.....	32
23.39	Vehicle Accidents.....	32
23.40	Vehicles not in use	33
DEPARTMENT OF ENVIRONMENT - FINANCIAL STATEMENT		34
23.41	Audit Opinion.....	34
23.42	Statement of Receipts and Expenditures.....	34
23.43	Statement of Output Costs.....	35
23.44	Appropriation Statement	35
AUDIT FINDINGS		36
23.45	Submission of Accounts.....	36
23.46	Trust Fund Account.....	36
23.47	Naboro Landfill Gate Takings	37
Appendix 23.1: Statement of Output Costs – Department of lands		39
Appendix 23.2: STALE CHEQUE LISTING		41
Appendix 23.3: Statement of Output Costs – Mineral Resources		42
Appendix 23.4: Statement of Output Costs – Department of environment.....		43

CONSOLIDATED FINANCIAL STATEMENT

The Ministry of Lands, Mineral Resources and Environment did not consolidate their financial statements as required under Schedule 3 of the 2009 Appropriation Promulgation 2008.

DEPARTMENT OF LANDS - FINANCIAL STATEMENT

23.1 Audit Opinion

The audit of the 2008 accounts resulted in the issue of a qualified audit report.

The qualifications are as follows.

1. The Department of Lands did not consolidate its accounts with the Departments of Mineral Resources and Environment as required under Schedule 3 of the 2009 Appropriation Promulgation 2008.
2. The Ministry of Lands, Mineral Resources and Environment is required to submit eleven statements of Output Costs under the Budget Estimates 2008 however the Department of Lands has separately submitted five statements.

Additionally, the amounts to be reflected in the Statement of Output costs are estimates as the facility to allow measurements and accounting of costs are yet to be integrated in the Financial Management Information Systems (FMIS) of Government. It is not possible therefore to express an opinion on the accuracy of the expenditures incurred by the Department under the five outputs.

3. There is a significant variance between the vat records and the accounts as at 31 December 2008.

23.2 Statement of Receipts and Expenditures

The Department collected revenue totalling \$15,881,366 and incurred total expenditures of \$33,799,676 in 2008. Details are shown in the table below.

Description	2008 \$	2007 \$
RECEIPTS		
State Revenue		
Operating Revenue	15,881,366	15,555,846
Total State Revenue	15,881,366	15,555,846
TOTAL REVENUE	15,881,366	15,555,846
EXPENDITURES		
Operating		
Established Staff	4,530,185	4,753,389
Unestablished Staff	597,506	584,608
Travel & Communication	177,507	273,095
Maintenance & Operations	22,932,485	25,069,745
Purchase of Goods & Services	141,758	349,822
Operating Grants & Transfers	1,369,794	1,335,952
Special Expenditures	143,560	78,249
Total Operating Expenditures	29,892,795	32,444,860
Capital		
Capital Construction	769,559	304,764
Capital Purchases	200,000	82,495
Capital Grants & Transfers	0	869
Total Capital Expenditures	969,559	388,128
Value Added Tax	2,937,322	3,820,673
TOTAL EXPENDITURES	33,799,676	36,653,661

The increase in total revenue by \$325,520 or 2% compared to 2007 was a result of an increase in the collection of rental from the state owned land.

The decrease in total expenditure by \$2,853,985 or 8% compared to 2007 was a result of a decrease in maintenance & operation costs by \$2,137,260.

23.3 Statement of Output Costs

The Department consolidated its expenditures into 5 Statement of Output Costs. These are detailed in *Appendix 23.1*.

23.4 Appropriation Statement

The Department of Lands and Survey incurred expenditures totalling \$33,799,676 in 2008 against the budget of \$37,668,234 resulting in a savings of \$3,868,558 or 10%.

Details of expenditures against the budget estimates are provided below.

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Lapsed Appropriation \$
1	Established Staff	5,281,000	0	5,281,000	4,530,185	750,815
2	Unestablished Staff	799,800	0	799,800	597,506	202,294
3	Travel & Communication	116,700	106,000	222,700	177,507	45,193
4	Maintenance & Operations	20,830,800	3,799,830	24,630,630	22,932,485	1,698,145
5	Purchase of Goods & Services	261,800	(60,000)	201,800	141,758	60,042
6	Operating Grants & Transfers	1,496,000	(125,000)	1,371,000	1,369,794	1,206
7	Special Expenditures	87,800	70,000	157,800	143,560	14,240
	Total Operating Costs	28,873,900	3,790,830	32,664,730	29,892,795	2,771,935
	Capital Expenditure					
8	Construction	2,260,000	(800,000)	1,460,000	769,559	690,441
9	Purchases	250,000	(50,000)	200,000	200,000	0
10	Grants & Transfers	0	0	0	0	0
	Total Capital Expenditure	2,510,000	(850,000)	1,660,000	969,559	690,441
13	Value Added Tax	2,975,900	367,604	3,343,504	2,937,322	406,182
	TOTAL EXPENDITURE	34,359,800	3,308,434	37,668,234	33,799,676	3,868,558

AUDIT FINDINGS

23.5 Non Consolidation of Budget Sector Agency accounts

Budget sector agency in relation to a financial year, means a state entity that administers an appropriation for that year under an Appropriation Act or the Financial Management Act¹.

¹ Financial Management Act (2004) 2

The Heads allocated through the Budget Estimate determines the financial accountability mechanism established for agencies to use for their reporting requirements.²

Audit noted that the Department of Lands has not consolidated its financial statement with the Department of Mineral Resources and Environment, contrary to the provision of the Financial Management Act 2004.

Recommendation

The Department of Lands must ensure that all future financial statements are consolidated in accordance with the requirement of the Financial Management Act.

Department's Comments

23.6 Output Costs not in Accordance with Budget Estimate

The Revised Budget Estimates of 2008 prescribes eleven outputs for the Ministry of Lands, Mineral Resources and Environment.

The Department of Lands has grouped its expenditure into five Statements of Output Costs, whereas the Budget Estimate 2008 requires that the Ministry of Lands, Mineral Resources and Environment collectively submit eleven statements of output costs.

By not assigning costs to the eleven outputs as prescribed in the budget estimates, the department is in no position to establish whether the targeted outcome has been achieved or not.

Recommendation

The Department of Lands should take the initiative to consolidate the accounts of the three departments and ensure that expenditures are grouped as prescribed in the budget estimate.

Department's Comments

23.7 Drawings Account

Drawings account reconciliation should be done by recording the total value of cheques issued by the department within a period less the value of cheques presented within the same period. The difference should tie up with the departments' drawings accounts records at the end of the period under scrutiny. Departments should provide in detail any differences between the unpresented cheques listing and the departments' drawings account.

Audit noted a difference of \$2,503,223.54 between the Department of Lands Drawings account reconciliation and the FMIS balance. The Department's reconciliation recorded a balance of \$2,008,000.83 whereas the balance on FMIS was \$495,223.

Conducting regular reconciliation on the drawings account facilitates early detection of fraud and misappropriation of funds if it exists.

² Circular No 16/2006 – Guide to Preparing Agency Annual Report Section 3.2
Ministry of Lands, Mineral Resources and Environment

Recommendation

The Department should ensure that the Drawings account is reconciled with the Ministry of Finance records on a monthly basis, and investigate and rectify the variance of \$2,503,223.54.

Department's Comments**23.8 Stale Cheques**

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, action should be taken to clear it.³ If the payee is untraceable, a journal voucher shall be prepared debiting the Dominion Cash and crediting the appropriate expenditure allocation if the cheques were issued in the current financial year⁴.

Stale cheques totalling \$88,928.12 formed part of the unrepresented cheques of the Department as at 31/12/08. A detailed list of stale cheques is shown in *Appendix 23.2*.

The stale cheques indicate the Department's failure to comply with the requirement of the Finance Instruction.

Recommendations

- **The Department should ensure that monthly Drawings account reconciliations are carried out to rectify their stale cheque listing, and**
- **If possible, identify the payee and issue a replacement cheque. However if the payee is untraceable then appropriate adjustment should be made to clear the stale cheques.**

Department's Comments**23.9 Trust Fund Account**

Within 5 days after the end of each month, the trust officer shall prepare and sign a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account⁵.

The Departments of Lands and Environment maintain one Trust Fund Account. A variance of \$56,570.93 between the Department's records and FMIS was noted. The Department recorded a balance of \$1,535,328.62 whereas the balance on FMIS was \$1,478,757.69.

Conducting regular reconciliation will prevent variances appearing in the two records and facilitates early detection of misappropriation and abuse of funds.

Recommendation

The Department should carry out regular reconciliations of the two records to ensure accurate figures are accounted and also scrutinise and rectify the difference of \$56,570.93.

³ Finance Instruction, Part 6, Division 1, 40.3, 2005

⁴ Finance Instruction 102(b)

⁵ Finance Instruction 2005, Part 15.4.1

Department's Comments**23.10 RFA – Interdepartmental Clearance Account**

The IDC is maintained to record transaction effected by one department on behalf of another. Transaction is charged to the agency's IDC pending clearance by that agency; balance in IDC should always be zero.⁶

The Department's IDC Account did not reconcile with records kept by Ministry of Finance. It recorded a balance of \$6,521,102.89 whereas the Ministry of Finance recorded \$6,583,385.54. A difference of \$62,282.65 was noted.

Further, the following IDC allocations appearing under the department were not included in the IDC account reconciliation prepared by the Department.

Head	Departments Figure	Appendix Figure
1-33301-33101-536101	0	3,000
1-33302-79201-536101	0	200
1-33401-33999-536101	0	59,082.65
Total	0	62,282.65

Regular reconciliation of records with Ministry of Finance is needed to avoid such differences from occurring.

Recommendation

The Department should investigate and rectify the difference of \$62,282.65, and conduct monthly reconciliations of its records with the Ministry of Finance.

Department's Comments**23.11 Revenue Variances**

Within five working days of the Ministry of Finance issuing the monthly General Ledger Reports, the Accounting Head shall reconcile the revenue figures in the report to the Revenue Statement.⁷ Where errors or discrepancies occur, the Accounting Head shall inform the Chief Accountant in writing within 7 days of receiving the GL reports.⁸

A difference of \$1,556,991.82 was noted between the revenue amount recorded by the Department and the records of the Ministry of Finance. The Department recorded a balance of \$14,324,373.96 whereas the balance on FMIS was \$15,881,365.78.

The difference is significant and calls for detailed scrutiny and regular reconciliations of the two records. Conducting regular reconciliations also facilitates early detection of misappropriation and possible abuse of funds.

⁶ Finance Manual 2005, Part 16, schedule 1

⁷ Finance Manual (2005) Section 5.5.12

⁸ Finance Manual (2005) Section 5.5.14

Recommendation

The Department should investigate and rectify the difference of \$1,556,991.82.

Department's Comments**23.12 Value Added Tax (VAT) Reconciliation**

The Department did not prepare any VAT reconciliation. Furthermore it was noted that the total taxable supplies as per the VAT returns do not reconcile with the total expenses subject to VAT as per the expenditure statement. In addition a difference of \$203,599 was noted between the VAT paid as per the statement of revenue and expenditure and VAT payment returns.

Refer to the table below for details.

VAT Reconciliation	Amount (\$)
Total Expenditure as per Expenditure Statement	30,862,354
Less Expenditure not Subject to VAT	5,127,691
Total Expenditure Subject to VAT	25,734,663
Less Total Taxable Supplies as per VAT return	27,420,737
Unreconciled Variance	1,686,074
VAT payment as per Statement of Revenue and Expenditure	2,937,322
VAT payment as per VAT Returns	3,140,921
Unreconciled Variance	203,599

The inconsistency in the reconciliations and poor monitoring by the Department has resulted in the differences highlighted above.

Recommendations

The Department should ensure that:

- **VAT paid to Fiji Islands Revenue & Customs Authority is reconciled on monthly basis,**
- **Correct amount of VAT payment should be disclosed in the financial statement, and**
- **Necessary steps are taken to reconcile and account for the variance noted.**

Department's Comments**23.13 Arrears of Revenue**

The rent shall be due and payable by equal half yearly payments not later than 31 January and 31 July in each year and shall be paid to the Director or to any person authorized in writing by him. Any rent due from the date of commencement of the lease up to the following 1st July, as the case maybe, shall be added to and paid with such first half yearly payment to be made by the lessee⁹

The arrears of revenue recorded by the Department are substantial and indicate the poor debt collection procedure in practice. The detail of the ageing of arrears is noted below:

⁹ Section 6(1) – Crown Lands Act (Cap 132)

Allocation	Arrears \$
3 months	114,128.57
6 months	1,020,190.56
9 months	50,963.93
1 year & over	3,679,626.03
2-5 years	4,044,831.65
Over 5 years	1,313,600.56
Total	10,223,341.30

The above analysis indicates that a large portion of the debts are less than two years old and are therefore recoverable. Audit reviews indicated that the department could have reduced arrears substantially if it had employed a more pro-active approach towards the collection of arrears.

Recommendations

The Department should:

- continue to take appropriate recovery action as required by the Finance Instructions 2005 to collect the amounts due to government,
- review its policies on recovering Crown Land rent arrears to reflect specific consistent guidelines on the process involved to recover the arrears,
- channel concerted efforts to recover long outstanding arrears, and
- serve notices to all lessees and subject to conditions of the Crown Land Act, appropriate steps taken to repossess land with substantial and irrecoverable arrears.

Department's Comments

23.14 Guarantee of Bond

The Government reserves the right to demand the surrender or declaration of assets from the bondee/guarantors as a measure to assist in the recovery on any sum which might become due to Government¹⁰

The audit noted that Technical Assistant, Anare Bose Mai (EDP 60692) and Esala Delana Tale (EDP 61873) were awarded FAB scholarship with pay to pursue Bachelor of Engineering majoring in Lands and Bachelor of Spatial Science majoring in Lands Survey respectively. The duration of the program was 4 years with effect from 19th February 2007 to December 2010.

Due to poor academic results in 2007, both the scholarships were terminated from Semester 1, 2008. The officers were advised to return to Fiji with effect from 22nd February 2008 however they failed to return. The salaries of the two officers were ceased on 12th August, 2008 but they were overpaid as follows:

Name	EDP Number	Over Payment \$
Esala Delana Tale	60692	4,710.00
Anare Bose Mai	61873	6,163.80

¹⁰ General Orders 901 (d) (iii)

Moreover, since the officers were bonded on scholarship, the guarantors are obliged to pay off the owed amount to the government as the officers have absconded without settling their debts to the department. Refer to table below for details of the guarantors.

Name	Guarantors	Occupation	Employer	Bonded Amount (\$)
Esala Delana Tale	Mosese Tagicakibau	Senior Surveyor	Lands & Survey Dept	\$ 242,684
	Tevita Vuibau	Chief Admin Officer	Mineral Resources Dept	
Anare Bose Mai	Osea Tuberi	Human Resource Manager	Fiji Ports Corporation	\$ 200,982
	Tevita Nalawa	Divisional Surveyor Western	Lands & Survey Dept	

Lack of proper co ordination between the Training, Personnel and Salary Sections within the Department has led to officers getting paid when they actually were deemed to have resigned. As a result public funds were wasted on the officers' training.

Recommendations

- Every effort should be made by the Department to recover the outstanding portion of the unserved bond from the guarantors as soon as possible as the Government reserves the right to demand recovery from them.
- The co ordination between the Training, Personnel and Salary sections should be strengthened to avoid any such overpayment of salaries in future.

Department's Comments

The management has noted the laxity in the system and as well circumstances beyond our control we could not monitor and reconcile the above.

However the Ministry is now checking and reconciling the above and where it is found appropriate to take action we will do so to recover the bond from the guarantors. They will be informed accordingly.

23.15 Excessive Telecom Cost

Office telephones should be used for official purposes only. Official calls should be as brief as possible.¹¹ Chief Accounting Officer shall ensure that as far as possible expenditure incurred during each month of the financial year shall not normally exceed the amount forecast.¹²

The funds allocated for telephone bills were overspent as at 31/12/08. The payment to cater for the over expenditure in the telecommunication vote were sourced from various allocations which had savings. However, audit noted that the department had regularised the over expenditure by virement of funds to the telecommunication allocation. Refer to the table below for details.

SEG	Allocation (\$)	Actual Expenditure (\$)	Over Expenditure (\$)	Percentage Overspent (%)
3	59,400	183,702	(124,302)	209 %

The payment of excessive telecom bills is a recurring issue in the Auditor Generals Report for the Department as it was previously raised in the 2007 audit report.

There is no proper internal control on telephone usage as staffs can make direct calls including mobile telephone calls from their extensions. This stimulates abuse and the unlimited use of telephones.

¹¹ General Order 1113 (a)

¹² Finance Instructions 19(3)

Recommendations

- **The Department should have a switch board system whereby all calls are made through a telephone operator to ensure that only official calls are allowed and recovery is made for personal calls made.**
- **The Department should implement rigid controls on the use of telephones and monitor the duration of calls being made.**

Department's Comments

Government Building telephones are billed on a monthly basis. The calls are all charged to a billing number through a switch board for the whole government buildings and it is very hard to verify calls. The switch board system housed at the New Wing Government Buildings is paid for by all departments at government buildings.

Discussions with Telecom revealed that need to have our own switchboard system but would cost us \$34,000 which we do not have in our budget hence continued with the current system.

Heads of sections were informed of the excessive bills and responsible for the phones in their section to control usage. Some have disconnected telephones within their units which are excessive to their usage.

The phone bills outside the Government Buildings were found to be under control but still we advise our officers DSN/DSW/DSCE/FLIS/Valuations to be vigilant about their bills and related costs.

23.16 Crown Lease – General Criteria

The rent shall be due and payable by equal half yearly payments not later than 31 January and 31 July in each year and shall be paid to the Director or to any person authorized in writing by him. Any rent due from the date of commencement of the lease up to the following 1 July, as the case maybe, shall be added to and paid with such first half yearly payment to be made by the lessee.¹³

Any application, statement, demand, instrument, notice or other document authorized or required by this Act, or any regulation made there under, maybe served on the person to whom it is to be given either personally or by leaving it for him at his last known place of abode in Fiji or by sending it through the post in a registered letter addressed to him there.¹⁴

23.17 Low Rental Rate for Crown Leases

Subject to the provisions of any other written law for the time being in force, leases shall be subject to re-assessment of the rent at each tenth year of the term of the lease¹⁵. As from 12/08/93, re-assessment is conducted every 5 years.

The audit noted from the Crown lease report provided by the Department that the yearly rental for some crown leases were significantly low. Refer to the Table below for details:

File Reference	Lessee	Start Date	End Date	Type of Lease	Current Rent (\$)
4/1/2044	Housing Authority	01/03/1974	28/02/2073	Residential	2.00
4/16/4665	Fiji Electricity Authority	01/01/1968	31/12/2048	Special	3.00

¹³ Section 6(2) - Crown Lands Act [Cap. 132]

¹⁴ Section 30(1) - Crown Lands Act [Cap. 132]

¹⁵ Section 10 – Crown Lands Act (Cap 132 – Rev.1985) Subsidiary Legislation

File Reference	Lessee	Start Date	End Date	Type of Lease	Current Rent (\$)
4/9/2743	Tomasi & Selai Koto	10/09/1969	29/09/2063	Residential	12.00
4/4/430	Lela Wati	01/01/1960	31/12/2058	Residential	14.00
4/16/3217	Sarita Singh	01/11/1960	31/10/2059	Residential	20.00
4/4/1310	Rukhmani	12/07/1985	11/07/2015	Agricultural	24.00
4/16/6252	Cecelia Lockington	01/10/1985	30/09/2084	Residential	56.00
4/10/4612	Tokomaru Limited	01/07/2006	01/01/2103	Industrial	58.00
4/16/4221	Total Fiji Limited	30/11/1984	15/09/2026	Industrial	70.00
4/16/463	Rangilla, Vishwa.S & Sanjesh	01/01/1972	30/12/2070	Residential	80.00
4/14/2378	Raghubar Singh	01/07/1968	30/06/2067	Industrial	88.00

The low yearly rental on the Crown leases indicate that rent was neither reviewed periodically nor was it adjusted to current market rates. Failure by the Department to appropriately adjust the rent on the above leases has resulted in government being deprived of fair rental income.

Recommendation

The department should carry out a review of the annual rental of all leases and ensure that rental is adjusted to current market rates.

Department's Comments

These are mainly old leases with 25 years re-assessments. Verification of these files shows that these files were not reassessed accordingly on time therefore the old rental which is normally very low are still current. The reasons why files were not re-assessed on time were due the following:

- *Files not on reassessment list generated from Land Administration system and Lands ITC system.*
- *Files cannot be located during re-assessment period.*

The Ministry is working in improving the filing system to be able to track all files due to re-assessment by opening a computerized data centre for this purpose currently in conjunction with our FLIS units which is in charge on the preparation and implementation of the new system.

23.18 Re-assessment of lease

Subject to the provisions of any other written law for the time being in force, leases shall be subject to re-assessment of the rent at each tenth year of the term of the lease¹⁶. As from 12/08/93, re-assessment is conducted every 5 years. Once the properties are inspected and rentals re-assessed, the valuation Clerk prepares and post reassessed notices to the lessee by registered mail. If there is no response from lessee, 2 reminder notices are sent at one month's interval. If the lessee fails to accept rentals after the 2 reminders, the file is sent to the Director of Lands for further advice¹⁷.

Every year, the System Support Centre generates all re-assessments that are due in the following year. This is forwarded to the Valuation Section. The Valuation Section then reassesses the rent on the crown lease and is responsible for sending notices and obtaining lessee's consent. The reassessed rent only becomes effective once the lessee accepts the reassessed rent.

It was noted that reassessments were not carried out by the Department on crown leases on the due dates specified in the lease conditions. Refer to the table below for examples.

¹⁶ Section 10 Crown Lands Act (Cap 132 – Rev. 1985) Subsidiary Legislation

¹⁷ Ministry of Land, Air and Mineral Resources Manual (Procedure and Policies) 1999, pp. 55-56

Lessee	LD Reference	Current Annual Rental (\$)	Start Date	Reassessment Due not done	Period Lapse as at 31/12/08	Type of Lease
Manoa Sili	4/16/4290	73.00	1981	1991,2001	27 years	Industrial
Kamla Wati Prasad	4/16/6674	270.00	1978	1988,1998,2008	30 years	Industrial
The Society for the Prevention of Cruelty	4/16/3584	84.00	1968	1993	40 years	Industrial
Eastern Electric	4/16/5492	33.00	1975	1985,1995,2005	33 years	Industrial
Rameshwar	4/16/6996	1,100	1994	2004	14 years	Industrial
Delainavesi Primary School	4/16/4286	2.00	1964	1989	44 years	Educational
Gujekat Educational Society of Fiji	4/16/4662	100.00	1968	1993	40 years	Educational

Potential government revenue is lost when leases are not reassessed. In addition, there is a risk of retrospective rent, which is not allowed by the Crown Lease Act, being charged by the Department if re-assessment is carried out at a later date hence increasing arrears of crown rent.

Recommendations

- **Periodic checks and updates should be implemented as a policy to bring lessee information up-to-date.**
- **Annual File checks should be made to ensure that re-assessment due is noted for the purpose of serving re-assessment notices.**
- **Reassessments should be carried out on time for all leases issued by the Department.**

Department's Comments

Investigation carried out on the above cases and all found to be true. Appropriate measures therefore have been taken to correct the anomalies with the officers involved. This has resulted from the negligence of the reviewing the system in place in yester years and now the Ministry has now been improving as per explanation in management comments in 5.3.1

The Ministry is trying every effort in reconciling our revenue accounts as per queried and with creation of the Task Force has really assisted to correct the anomalies highlighted and our revenue collection. Appropriate measures will be taken where the policy review committee is working on this.

23.19 Arrears of Crown Land Lease Rent

The rent shall be due and payable by equal half yearly payments not later than 31 January and 31 July in each year and shall be paid to the Director or to any person authorized in writing by him. Any rent due from the date of commencement of the lease up to the following 1 July, as the case maybe, shall be added to and paid with such first half yearly payment to be made by the lessee¹⁸

The Department uses two systems, the Lands System and the Lands Administration System to maintain records of arrears of revenue. The Accounts Section is responsible for updating the Lands System and the Fiji Land Information System Department updates the Lands Administration System.

It was noted that the arrears of revenue figure provided by the Lands System and the Lands Administration System were not reconciling. Refer Table below for the details.

¹⁸ Section 6(1) – Crown Lands Act (Cap 132)

Year	Arrears As Per Lands System \$	Arrears As Per Lands Admin System (\$)	Variance \$
2008	9,260,999.97	14, 080,597.20	4,819,597.23

This finding indicates that the department is not recovering the correct amount of arrears as the above variance could not be substantiated. Hence there is a risk that Government will lose out on potential revenue as the correct arrears of revenue position cannot be determined.

Such finding further implies that the Department's computer reports are not updated and reconciled on a regular basis.

Inspection of lease files showed that the department had not been consistent with serving notices on debtors. Moreover, there seems to be lack of follow up notices by the department indicating that these were not properly undertaken. The table below shows the top 10 debtors.

LD Reference	Lessee	Lease Type	Arrears as at 31/12/08
4/16/6682	Post Fiji Limited	Commercial	232,994.70
4/16/3886	Total Fiji Limited	Industrial	56,448.00
4/16/4054	Johnson Sui Seen Cheer	Commercial	28,750.21
60/602	Ports Authority	Special	15,127.56
4/14/2861	Mohammed Shamim	Industrial	14,359.66
4/16/3570	Wing Kung	Industrial	14,211.38
4/16/7601	David Anil	Industrial	12,075.46
4/16/3954	Ebony Company Ltd	Commercial	11,256.07
4/16/1054	Gaunavou Investment Ltd	Commercial	10,929.87
4/16/33	Gauri Shankar & Shiu Shankar	Residential	10,570.70

Weaknesses exist in the revenue collection system and these increase the risk of government losing potential rental revenue.

Recommendations

- **The Department should investigate and take appropriate action to rectify the variance.**
- **The department's policies on recovering Crown Land rent arrears should be modified to reflect clear and consistent guidelines on the process involved to recover the arrears.**
- **Concerted efforts should be taken to recover long outstanding arrears.**
- **Notices should be served to all lessees and subject to provisos of the Crown Land Act, appropriate steps taken to repossess land with substantial and irrecoverable arrears.**

Department's Comments

The procedures to assess rental and to notify the lessee of the new rental is governed under the Crown Land (Leases and License) Regulation Cap. 132. our current procedure is that when a reassessment is carried out, the lessee is notified through the Notice of Re-assessment and our accounts section is advised to update their record accordingly.

The arrears normally arise where there has been a rental update in the system and the lessee has not accepted yet the new rental. The longer the lessees do not accept their rental the higher the arrears accumulated.

The current legislation is very weak in this area that is the acceptance of rental by the lessee. Despite reminders to lessee's initiated by the department the onus rest solely with the lessee to accept and decline the re-assessment.

Cabinet has approved an amendment to section 11(12) by adding that new rental assessed to be deemed accepted by the lessee after one month notice if re-assessment is served.

This has not been gazetted and hopefully when this is done will help in the rental arrears. The management has also noted anomalies in the various legislations and is now putting up a workshop inviting all related stake holders in July for the purpose of reviewing policies to streamline and strength the affected arrears.

23.20 Charging of Retrospective Rent due to Late Re-assessment

Subject to the provisions of any other written law for the time being in force, leases shall be subject to re-assessment of the rent at each tenth year of the term of the lease¹⁹. As from 12/08/93, re-assessment is conducted every 5 years. Once the properties are inspected and rentals re-assessed, the valuation Clerk prepares and post reassessed notices to the lessee by registered mail. If there is no response from lessee, 2 reminder notices are sent at one month's interval. If the lessee fails to accept rentals after the 2 reminders, the file is sent to the Director of Lands for further advice.²⁰

Our audit noted that the Department was charging retrospective rent to lessees.

Refer to examples provided.

Lessee	LD Reference	Valuation Interval	Annual Rent \$(Current)	Remarks
Johnson Sui Seen Cheer	4/16/3993	25 Years	1000.00	Lease was entered in 1961 at an annual rental of \$1,000 with next re-assessment to be carried out in 1986. However re-assessment was made in the year 2007 after a lapse of 46 years. A total of \$20,677.47 was charged as retrospective rent which has increased the arrears to \$26,967.08 as at 31/12/2008.
Arthur & Yvonne Breckterfield	4/16/2770	25 Years	400.00	Lease was entered in 1976 at an annual rental of \$400 with next re-assessment to be carried out in 2001. However re-assessment was made in the year 2008 after a lapse of 32 years. A total of \$2,273.33 was charged as retrospective rent which has increased the arrears to \$1,788.33 as at 31/12/2008.
Bijay Prasad	4/16/4762	5 Years	125.00	Lease was entered in 1970 at an annual rental of \$125 with next re-assessment to be carried out in 1995. However re-assessment was made in the year 2007 after a lapse of 37 years. A total of \$1,440.75 was charged as retrospective rent which has increased the arrears to \$1,409.36 as at 31/12/2008.
Shiu Pal	4/16/1098	25 Years	250.00	Lease was entered in 1971 at an annual rental of \$250 with next re-assessment to be carried out in 1996. However re-assessment was made in the year 2008 after a lapse of 37 years. A total of \$2,587.50 was charged as retrospective rent which has increased the arrears to \$2,587.50 as at 31/12/2008.
Billy Prakash Chandra	4/16/5815	10 Years	290.00	Lease was entered in 1990 at an annual rental of \$290 with next re-assessment to be carried out in 2000. However re-assessment was made in the year 2007 after a lapse of 17 years. A total of \$1,026.67 was charged as retrospective rent.

Furthermore, the following unsatisfactory features were also noted:

¹⁹ Section 10 – Crown Lands Act (Cap 132 – Rev.1985) Subsidiary Legislation

²⁰ Ministry of Lands, Alta and Minerals Resources Manual (Procedure and Policies) 1999,pp55-56

- There was no provision in the Crown Lease Act or the Department's Crown Lease Policy that permit the charging of retrospective rent to lessees.
- The charging of the retrospective rent was due to the late reassessment carried out by the Valuation Section or due to the late updating of the Lands System by the Accounts Section to show the reassessed rent.
- The Department was charging interest on retrospective rent. However there was no provision in the Crown Lease Act or the crown lease policy that permits the charging of interest on retrospective rent. In addition, charging interest on retrospective rent, which is due to the fault of the department, is not fair to lessees.
- In most cases charging of retrospective rent contributed to the increase in arrears of Crown Lease rental.

Such findings were also highlighted in previous audit reports but remedial action has not been seriously considered by the Ministry.

These findings indicate the Department's failure to assess and charge rent on a timely basis resulting in accumulation of rental arrears, write-off and adjustment of rent hence loss of government revenue. The Department may be also violating the Crown Lease Act by charging retrospective rent and interest.

Recommendations

- **The Department should provide an explanation for the late reassessment and the charging of retrospective rent to lessees.**
- **The Department should investigate cases of late reassessment and late updating of the Lands System and take disciplinary action against officers responsible.**
- **The Department should revise the crown lease act to include provisions for the charging of retrospective rent and interest.**

Department's Comments

The issue raised has been an internal problems within the ministry and the concerned stated therein is correct which reflect the laxity is the departments policing and monitoring of state leases system which urgently needs review. Appropriate action has been taken to address the anomalies highlighted.

On the same token the management has also noted anomalies in the various legislations and is now putting up a workshop inviting all related stake holders in July for the purpose of reviewing policies etc to streamline the affected arrears.

23.21 Decrease in Annual Rental of Crown Lease

Subject to the provisions of any other written law for the time being in force, leases shall be subject to re-assessment of the rent at each tenth year of the term of the lease²¹. As from 12/08/93, re-assessment is conducted every 5 years. Once the properties are inspected and rentals re-assessed, the valuation Clerk prepares and post reassessed notices to the lessee by registered mail. If there is no response from lessee, 2 reminder notices are sent at one month's interval. If the lessee fails to accept rentals after the 2 reminders, the file is sent to the Director of Lands for further advice²²

The annual rental for the following Crown Leases has decreased significantly. Physical verification of the respective lease files revealed that there were no justifications to substantiate the decrease in the annual rental. Refer to the table for details.

²¹ Section 10 – Crown Lands Act (Cap 132 – Rev.1985) Subsidiary Legislation

²² Ministry of Lands, Alta and Minerals Resources Manual (Procedure and Policies) 1999, pp55-56

Lessee	LD Reference	Assessed Rental \$	Rental Charged as at 31/12/08 \$	Remarks
Flour Mills of Fiji Limited	4/16/4020	39,300	350.00	The Crown Lease (CL 004871) was surrendered on 31/01/1998 and a new industrial lease was issued at a yearly rental of \$39,300. However, the Lands System showed that the lessee was paying only \$18,600 for rental and not \$39,300 as per Industrial Lease Agreement, thus an underpayment of \$20,700 per annum. As from 01/01/07 the rent has decreased to \$350 per annum thus an underpayment of \$38,950
Flour Mills of Fiji Investment Company Ltd	4/16/7896	64,500	25,000	The Crown Lease (CL 14076) and (CL 15065) was amalgamated into one industrial lease (CL 14076) with the annual rental assessed at \$64,500 effective from 01/07/07. However, the Lands System showed that the lessee was paying on \$25,000 per annum thus underpayment of \$39,500 per annum
Tokomaru Limited	4/10/3101	45,000	21,216	The Crown Lease (CL 13734) was entered on 17/06/99 and the annual rental was assessed at \$45,000 from 01/01/99 to 31/12/08. The annual rental was to be increased to \$65,000 from 01/01/09 to 31/12/2018. However, the Land System showed at from 01/01/08 the annual rental has decreased to \$21,216 which is contrary to the condition of the Crown Lease (CL 13734).

Government's interest was not adequately safeguarded by the department resulting in loss of government revenue. In addition, it could imply that the annual rental was deliberately decreased as no justifications were sighted with the respective file hence the possibility of fraud cannot be ruled out.

Recommendations

- **An investigation should be carried out on the dealings made on the lease and disciplinary or surcharge action should be considered against any staff implicated, and**
- **The Department should reassess the rent on the lease and take appropriate action to recover the amount of land rent owed by the lessee.**

Department's Comments

From valuation principles and practices, a decrease in rental is allowable considering the fact that value is an opinion and not an accounting figure. However, there are also principles and guidelines when carrying this.

Generally rental is assessed is an opinion that the amount is reasonable for the lessee to pay to landlord for occupying their land. Because we are dealing with human beings, these amounts can be negotiated the two parties and where the decreases in rental can happen. This is acceptable according to valuation principals. However, the decreases should be minimum that is plus and minus.

Huge reduction is Not Allowable in valuation unless there are really valid reasons to do so; e.g. Zoning factors etc.

Investigation carried out on the above cases and all found to be correct/true. Appropriate measures therefore be taken to correct these abnormalities with the officers involved warned to be cautious with their work and such abnormalities avoided and not repeated, etc. refer attachment.

File Reference: 4/16/7896

1. CL 15065 [LD 4/16/8170] and CL 14076 [LD 4/16/7896] were amalgamated into one lease with effect from 01/07/07.
2. The new rental assessment was \$64,500.00 plus vat \$8,062.50 totalling \$72,562.50 with effect from 01/07/07.
3. Total rent due for the year 2007 under CL 14076: \$36,281.25
Total rent due for the year 2008 under CL 14076: \$72,562.50

Total Rent Due \$108,843.75

Less Payment Made:

RR 452450 [CL 14076]	36,281.25	
RR 474601 [CL 14076]	22,567.50	
RR 459812[CL 15065]	29,812.50	
RR 467441[CL 45065]	14,062.50	
RR 474602[CL 15065]	<u>14,062.50</u>	
Total Payments Made:		<u>\$116,786.30</u>
Rental Arrears Made:		\$ 7,942.55

Discussion

Though the two leases CL 15065 and CL 14076 has been combined into one as CL 14076, the lessee is still paying for the two accounts at an annual rental of \$25,000.00 plus vat 3,125.00 amounting per lease.

The following actions have been taken by the Ministry:

- A letter to be written to the lessee notifying of the discrepancy and to have the arrears cleared if any,
- A minute to be written to accounts section informing to close the accounts for CL 5065 and update the new rental records for CL 14076 to \$64,500.00 respectively.

We have noted the concerned raise therein and management will now take appropriate action to investigate each separate cases or files and will recommend appropriate actions based on the investigations results.

23.22 Commercial Operations on Residential Lease

The lessee shall not use or permit to be used the demised land or any part thereof or any dwelling house or accessory out-building to be erected thereon, for any trade, business, occupation or calling whatsoever; and no act, matter or thing whatsoever shall, during the term of lease, be done in or upon the said land or building or any part therefore, which shall or may be or grow to the annoyance, nuisance, damage or disturbance of the occupier, lessee or owner of the adjoining land.²³

It was noted that Crown Lease Number CL 2064 was a residential type lease; however commercial activity was carried out on it. Refer to table below for details of the lease.

Lessee	Crown Lease Ref	File Ref No.	Lease Type	Term	Annual Rent \$(VEP)
Kunjan Nair & Vinod Nair	CL 2064	LD 4/16/1226	Residential	99 years with effect from 01/1/1949	115.00

The following anomalies were noted, contrary to the lease conditions for residential purposes:

²³ Crown Land Act, ED 1978 Section 41, sub 15 (c) – Condition of lease for Residential Purpose.

- The lease was utilised by the lessee for commercial operations as a bus depot for S Nair's Transport Ltd. The lessee continues to use the land for commercial purposes and is paying residential annual rent of \$115.
- It was not possible to establish whether proper consent was given by the Director of Lands for the development on the land such as erection of fence, levelling of land, construction of bus shelter, garage and the company's office.
- The lessee applied for rezoning from residential to industrial which was approved by the Director of Lands on 27/04/98 with stipulated conditions to be adhered to by the Lessee. The lessee accepted the conditions on the grounds that the yearly rental and the leasehold market value be assessed and provided to them. This was done and the lessee was advised by the Department on 03/11/98. However, the lessee failed to respond and evidence of any follow up taken by the Department on the progress of the rezoning was lacking.
- The last lease reassessment on 01/01/1974 assessed the fee to \$115. The next reassessment which was due on 01/01/1999 was not carried out by the Department.
- There was no evidence that the notice for breaches of lease conditions was sent to the lessee.

The Department failed to ensure proper policing and management of crown leases and as a result a fair return is not being received from the lease of the land.

Recommendations

- **The case highlighted above should be investigated and rectified,**
- **The officers implicated should be surcharged the amount of revenue lost by government due to their failure to enforce the conditions stipulated in the lease agreement, and**
- **The lessee should be advised of breaches to the lease conditions and follow up actions should be taken immediately to rectify these.**

Department's Comments

The above case has been investigated and the issue raised here by the A/G's office found to be correct/true and indeed reflect on the laxity of our Department's Policing and Monitoring of State leases System which urgently needs review. However, appropriate actions been carried out in our endeavour to regularize this case and also the possibility of penalizing the lessee in accordance with the terms and condition of this lessee, etc.

To certain extent, such breaches also depend entirely on the lessee's honesty to work within the framework of the law. In this respect, recommendation by the A/G's office for disciplinary action may not be appropriate in our view. However, on the Departments failure to reassess rental on 01/01/1974, only CV would be in a better position to adequately response to this as this responsibility falls within the jurisdiction of this office.

File Reference: 4/16/1226

1. 1/3 of CL 2064 was transferred to Kunjun Nair and Vinod Nair on 01/12/94 by transmission of death.
2. CL 2064 is a residential lease issued with effect from 1949 for a period of 99 years.
3. Kunjun and Vinod lodged an application through Director of Town and Country Planning requesting to approval to utilize the land for bus operations on 12/01/98
4. On 03/02/98, Lands Department informed Director Town and Country Planning that the lessee's have to obtain consent approval for any changes in the lease conditions.
5. A letter was written by the lessee 02 19/02/98, requesting from Director of Lands the consent to use CL 2064 as a bus depot.
6. Lands Department replied to the lessee on 27/04/98 requesting for the following conditions to be fulfilled before consent shall be granted:

- a. Obtain approval from D/CTP and PWD for the Industrial zoning.
 - b. Surrender the existing lease and acceptance of a fresh 99 years residential lease at an annual rent to be assessed by the valuer.
 - c. Payment of leasehold Market value for change to be assessed by the Lands Valuers.
7. Approval from D/CTP was given on 10/03/98 for the rezoning from residential to heavy industrial zone.
 8. A second reminder was written by Lands Department to the lessee for their acceptance to the conditions [Pg. 75]
 9. Lessee replied to the letter subject to [a] market value for change of use is given for consideration and [b] yearly rental of the lease is given to the lessee.
 10. Lands Department informed lessee that the annual rental shall be \$7,800.00.
 11. Surrender of lease documents was prepared but the lessee did not pay the necessary execution fees, thus still paying an annual rental fee of \$115.00.

The following actions has been taken by the Ministry

1. A letter to be written by Lands Department to the lessee notifying him of the discrepancy and the breach of conditions of lease as he was informed about the necessary charged to be paid which the lessee failed to do so.
2. Lessee to be also informed to pay the arrears of rental due.
3. Internal investigations of the land to continue.

23.23 Non-Development on Mortgaged Lease

Rent and rates should be paid up to date in the process of granting consent to mortgage²⁴. If the Director of the Lands feels that the loan exceeds the market value of the land, consent to mortgage will only be granted subject to satisfactory explanation²⁵.

The lessee shall within a specified period and under penalty of re-entry erect to the satisfaction of the lessor a dwelling house on the demised land at a minimum expenditure or of such dimension as shall be specified in the lease²⁶.

The Lami Investments Ltd is in possession of 4 blocks of land which is situated along Nabua Road off Kings Road. The Land was acquired in 1948; however no major development was done on the block. Furthermore the blocks of land have been mortgaged by the Lessee who continues other business on the benefit of mortgaging the crown land. The rent been paid for the 4 blocks of lands are as follows:

Lessee	File Ref No.	Lease Type	Annual Rent \$(VEP)	Mortgage Sum (\$)
Lami Inversement	LD 4/16/2570	Residential	75	17,867,000
	LD 4/16/2370		370	2,400,000
	LD 4/16/2225		60	21,436,000
	LD 4/16/2110		63	5,210,000
Total			\$568	\$46,913,000

In 2002 a correspondence stated that the 4 blocks of land issued to Lami Investment Ltd, to be amalgamated into 1 commercial lease and the rent to be reviewed at \$10,715 p.a. To date nothing was implemented from that correspondence and the lessee continues to use the land for mortgage purposes, paying residential annual rent amounting to \$568.

The above finding shows the poor policing of crown lease by the department and the inconsistency in the reassessment of rent. It also shows the failure of the department in performing its role and

²⁴ Policies- State Land Administration 2.1.1(f)-(i)

²⁵ Policies - State Land Administration 2.1.1(f)-(iv)

²⁶ Policies – Condition on lease for Residential Purpose 15(a)

responsibilities to enforce its powers as landlords and as stated under the Act to ensure that the government gets a fair return from the land

In addition, the manner in which the consent was granted for mortgage despite pending reassessment appears suspicious and would not rule out the possibility of malpractices within the department.

Recommendations

- **An investigation should be carried out on the dealings made on the lease and disciplinary or surcharge action should be considered against any staffs implicated, and**
- **The Department should reassess the rent on the lease and take appropriate action to recover the amount of land rent owed by the lessee.**

Department's Comments

The above has been taken into consideration and appropriate actions has been instructed to investigate and correct the wrongs if any has been done and as well as the recommendations to review the current acts and legislation which is not conducive to proper operation of the Land system.

The Task Force is in operation for the recovery of the arrears of revenue and as well look into other problematic areas to identify, recommend and streamline the systems.

At the same time investigations on the dealings on every leases and if any suspicious dealings appropriate action will be taken accordingly

On the same token the management has also noted anomalies in the various legislations and is now putting up a workshop inviting all related stake holders in July for the purpose of reviewing policies etc to streamline the affected arrears.

DEPARTMENT OF MINERAL RESOURCES - FINANCIAL STATEMENT

23.24 Audit Opinion

The audit of the 2008 accounts of the Department of Mineral Resources resulted in the issue of a qualified audit report.

The accounts were qualified on these grounds.

- i. The Department of Mineral Resources did not consolidate its accounts with the Ministry of Lands, Mineral Resources and Environment as required under Schedule 3 of the 2009 Appropriation Promulgation 2008.
- ii. The Department did not provided the following contrary to Finance Instructions 82 (1):
 - a. an Appropriation Statement
 - b. a Statement of Losses; and
 - c. a Trust Account Statement of Receipts and Payments.
- iii. 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 Department under each output.

- iv. There is a significant variance between the VAT records and the accounts as at 31 December 2008.

23.25 Statement of Receipts and Expenditure

The Department of Mineral Resources incurred a total expenditure of \$3,646,021 in 2008 compared to \$5,746,337 in 2007.

Description	2008 (\$)	2007 (\$)
REVENUE		
Mining Fees	59,625	76,793
License Others	17,250	23,059
Sale of Photographs	0	71
Sale of Publications	1,217	333
Revenue from Chemical	2,609	10,591
Commission Revenue	670	0
Revenue from Carriage	222	0
Miscellaneous Fees	18,973	0
Miscellaneous	10	0
Value Added Tax	(105,248)	0
TOTAL REVENUE	(4,672)	110,847
EXPENDITURE		
Operating Costs		
Established staff	1,465,001	1,594,597
Unestablished staff	342,109	337,450
Travel and communications	63,992	79,648
Maintenance & operations	208,875	2,585,750
Purchase of goods and services	136,074	137,371
Operating grants and transfers	413,529	381,529
Special expenditures	29,373	20,151
Total Operating Costs	2,658,953	5,136,496
Capital Expenditure		
Construction	675,116	124,849
Purchases	205,591	113,619
Grants and Transfers	0	0
Total Capital Expenditure	880,707	238,468
Value Added Tax	106,361	371,373

Description	2008 (\$)	2007 (\$)
TOTAL EXPENDITURE	3,646,021	5,746,337

The decrease in total revenue by \$115,519 or 104% compared to 2007 was attributed to the recording of a debit VAT figure of \$105,247.64 in 2008.

The Department's overall expenditure decreased by \$2,100,316 or 37% compared to that of 2007. The decrease is attributed to the major decrease in maintenance and operations costs by \$2,376, 875. However capital expenditure increased by \$642,239 or 269% compared to 2007 which was attributed to the conducting Mineral Investigation in 2008.

23.26 Statement of Output Costs

The 2 Statements of Output Costs are detailed in *Appendix 23.3*.

23.27 Appropriation Statement

The Department recorded savings of \$224,079 or 5.8% of its annual budget for the year ended 31/12/08. The details are provided in the table below. The largest saving was noted in SEG 1 which is attributed to the freezing of all vacant positions.

Details of expenditures against the budget estimates are provided in the table below.

SEG	Particulars	Annual Provision 2008 \$(000)	Actual Expend. 2008 \$(000)	Variance \$(000)	% Variance
1	Established staff	1,598.6	1,465.0	133.6	8.4
2	Unestablished staff	289.7	342.1	(52.4)	(18.0)
3	Travel & Communications	65.6	64.0	1.6	2.4
4	Maintenance & Operations	218.0	208.9	9.1	4.2
5	Purch of Goods & Services	148.7	136.1	12.6	8.5
6	Grants & Transfers	414.1	413.5	0.6	0.1
7	Special Expenditure	31.2	29.4	1.8	5.8
8	Capital construction	720.0	675.1	44.9	6.2
9	Capital Purchase	210.0	205.6	4.4	2.1
10	Capital grants and transfers	0	0	0	0
13	VAT	174.2	106.4	67.8	38.9
	Total	3,870.1	3,646.1	224.0	5.8

Recommendation

The Department should continue to promote improvement in financial planning and management of public funds.

Department's Comments

23.28 Submission of Draft Financial Statements

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 with the Auditor General.²⁷

The draft financial statement submitted by the Ministry of Lands, Minerals Resources and Environment did not consolidate the revenue and expenditure for the Department of Mineral Resources for 2008. Further, the Department did not provide the following statements as required by Section 82 (1) of the Finance Instructions:

- Appropriation Statement;
- Statement of Losses; and
- Trust Account receipts and Payments.

Recommendation

The Department must ensure to submit the draft financial statements of the year under audit by 31 March in the following year.

Department's Comments**23.29 Revenue**

The Department of Mineral Resources was responsible for the collection of revenues such as license fee, chemical analysis fee, sale of publications and mining fees during 2008.

Each Accounting Head shall ensure that:

- a) Revenue is recorded against the correct account;
- b) The recording of revenue is reconciled monthly with Ministry of Finance;
- c) The Ministry of Finance is advised of any errors or discrepancies within 10 working days after the end of each month; and
- d) VAT is correctly accounted for and remitted as required.²⁸

The Department's total revenue recorded a debit balance of \$4,671.93 as at 31/12/08. Scrutiny of postings made to the FMIS revealed that the Department recorded a debit VAT figure of \$105,247.64.

Recommendation

The Department must ensure that revenue collected is posted to the correct allocation and reconciled with revenue statement. The debit VAT amount of \$15,247.67 should be established and rectified.

Department's Comments

²⁷ Finance Instruction (2005) 81(3)

²⁸ Finance Instruction 2005 S 30(1)

23.30 Drawings Account

Drawings account is the departmental bank accounts that usually have no balance (savings) and is being used only by departments to draw money from the account. All government departments must operate one drawings account except the Ministry of Finance and National Planning (MFNP).

Drawings account reconciliation should be done by recording the total value of cheques issued by the department within a period less the value of cheques presented within the same period. The difference should tie up with the departments' drawings accounts records at the end of the period under scrutiny. Departments should provide in detail any differences between the unrepresented cheques listing and the departments' drawings account.

A difference of \$83,218 was noted between the Department's Drawings account reconciliation and the FMIS. The Department recorded a balance of \$120,784 whereas the FMIS balance was \$204,002.

Recommendation

The Department should carry out monthly reconciliation of Drawings account.

Department's Comments

23.31 FNPF Reconciliation

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

In order to verify the accuracy of the FNPF contributions paid by the Department to the Fund, audit recalculated 8% of the actual expenditure recorded under Segs 1 and 2 in the FMIS in comparison to the actual amount paid to the Fund. The exercise noted a difference of \$8,319.33 between the two records. Refer to details provided.

FNPF Contribution Paid by MRD for 2008 (Employer contribution only)		Amount (\$)
SEG 1	FNPF contributions paid – Established Staff	111,021.32
SEG 2	FNPF contributions paid – Unestablished staff	24,762.87
		135,784.19
	Add: December 2008 FNPF Contributions	14,441.52
		150,225.71
	Less: December 2007 FNPF Contributions	13,976.24
	Total Employers Contributions paid by MRD	136,249.47
Audit Calculation of FNPF for 2008(Employer contribution only)		
SEG 1& 2	Salaries & Wages as per FMIS	1,807,110.15
	FNPF Contribution (1,807,110.15 x 0.08)	144,568.80
	Difference	(\$8,319.33)

The inconsistency in the reconciliations and poor monitoring by the Department has resulted in the difference of \$8,319.33.

Recommendation

The Department should take necessary steps to reconcile and account for the variance noted.

Department's Comments**23.32 VAT Reconciliation**

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

Audit noted that the total taxable supplies as per the VAT returns do not reconcile with total expenses subject to VAT as per Expenditure Statement. In addition a difference of \$22,621.35 was noted between the VAT paid as per Statement of Revenue and Expenditure and VAT returns. Refer to details provided.

Audit Calculation – 2008	Amount (\$)
Total Expenditure as per Expenditure Statement	3,539,660.43
Less Expenditure not Subject to VAT	2,220,639.15
Total Expenditure Subject to VAT	1,319,021.28
Less Total Taxable Supplies as per VAT Return	1,794,350.02
Unreconciled Variance	(\$475,328.74)
VAT Paid by MRD – 2008	
VAT payment as per Statement of Revenue and Expenditure	106,361.03
VAT payment as per VAT Returns	83,739.68
Unreconciled Variance	\$22,621.35

The inconsistency in the reconciliations and poor monitoring by the Department has resulted in the differences highlighted above.

Recommendation

The Department should take necessary steps to reconcile and account for the variance noted.

Department's Comments**23.33 Groundwater Borehole Revenue**

The Mineral Resources Department is responsible for the groundwater resources of the nation including its monitoring and protection from abuse and contamination. Resource Investigations, Borehole Drilling and Groundwater Monitoring are carried out based on annual funding from departmental budget or through other government departments such as Public Works, Rural Development or Primary Industries, depending on the purpose of the boreholes.

Groundwater related work is also carried out for private companies for commercial operations. Refer to the following table.

Client Name	Quotes for borehole	Price Charged by MRD (\$)
South Pacific Bible	No quotes	5,000
Nagaga Giving Foundation	No quotes	5,780
Mosi Dam	No quotes	1,000
Pal, Lea Farm	No quotes	5,500
Vusama Village	No quotes	5,000
Korea Resort	No quotes	10,000
Ratu Jona Sovau	No quotes	2,507
Irshad Ali	No quotes	2,500
Aljen Pacific	No quotes	7,219
Sigatoka Valley High school	No quotes	10,772
Ratu Filimoni School	No quotes	5,000
Atax	No quotes	3,000
G. Debecker	No quotes	2,500
Fijian Tropic Ltd	No quotes	7,000
Kuth Energy	No quotes	6,000
Korea Resort	No quotes	5,000
IUCN	No quotes	14,533

The Department carried out a number of private groundwater boreholes for individuals and companies for commercial operations and charged a fee for all groundwater related work.

The Department did not provide details of how the prices were determined for several boreholes completed in 2008 with price ranging from \$1,000 and \$14,533. With the absence of these details, it can be assumed that the Department may not be charging correct price for boreholes completed.

Recommendation

The Department should prepare quotes for all borehole related works to provide correct price for its services.

Department's Comments

The major rationale behind making quotes is that people will value the availability of water and not take it for granted. This leads to proper and better use and management of water resources by everyone especially the community that benefits directly from it.

The quantum to be charged is based on the idea that water is a basic necessity and a human right. The provision of groundwater for water supply in Fiji is mostly in rural areas where the majority of the populations live below the poverty line. The provision of groundwater is therefore a social obligation and the charge / cost should be consistent with this service that government provides. The cost should therefore be low cost to ensure that it is affordable to the majority of the rural dwellers that rely on groundwater resources as a source of water supply and sustenance.

The approved formula would be ascertained once the current exercise with the Ministry of Finance staff, accounts staff of the Ministry and other stakeholders have been completed.

Details will be provided later taking into account the following:

Private or public use

- 1. Community use or commercial*
- 2. Charging by the metrage drilled or a standard cost*
- 3. Having a bands of cost depending on the location and distance from HQ, clients (Government, companies, non government agencies, communities etc)*
- 4. Others*

23.34 Supply of Food Ration for Northern Project

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.

Travelling advances shall only be approved for an amount up to the estimated value of the official entitlement. Travelling advances should be recouped within 7 days of the completion of travel by submission of a voucher with documents to support the claim²⁹.

Seven permanent and 20 temporary casual staff travelled on a geological mapping project in Vanua Levu for mineral investigation from April 2008. An accountable advance was issued to purchase food rations while they were out in the outer station in Vanua Levu.

On 8/4/08, a minute from Manager Geological Survey requested the purchase of emergency food supplies to be bought despite paying the group meal allowance and the accountable advance. The Department purchased food supplies costing \$1,513.59 for the officers who were working on the geological mapping project in Vanua Levu. When the team returned to Suva the left over food supplies worth \$453 was handed over to the Accountant on 20/11/08.

The leftover food supplies had expired and were disposed off by the Department on 18/03/09. This is a clear case of wastage of public funds.. Refer to detail below.

Items	Quantity	Condition of Food Items	Cost (\$)
Rolled Oats	12 x 400 grams	Expired	43.09
Curry Powder	3 x 500 grams	Expired	15.12
Rewa life milk	26 x 1 litre	Expired	43.88
Rewa Powdered Milk	29 x 500 grams	Expired	275.00
Golden Soya Sauce	1 x 4 litre	Expired	13.82
Table Salt	5 x 907 grams	Expired	2.24
Vico	1 x 1.2 kg	Not Expired	10.85
Oval tin	1 x 1.2 kg	Not Expired	11.13
Baking Powder	1 x 350 grams	Not Expired	1.99
Soya Bean Oil	2 x 4 litre	Not Expired	25.08
Royal Tea Bag	2 x 100 bags	Not Expired	10.98
Total			453.18

The above finding indicates poor planning and lack of proper supervision by the Department.

Recommendation

The Department should ensure that proper planning is done to ensure public funds are properly used without wastage, and disciplinary action considered against those responsible.

Department's Comments

This issue was raised in internal Management meetings and responsible Division - Geological Surveys have accordingly improved their project planning to minimize wastage. Currently, the system employed now is based on limit justification where project teams are given a set budget to work within. Drawing funds are approved only upon proper figures being provided for costs incurred.

²⁹ Section 51 of Finance Instruction 2005

Further, the Department's Accounts Section authority to ensure compliance and thus limit wastage were undermined and overruled by Senior Accountant from Ministry of Lands who personally sought approval for further meal claims despite the food rations already being purchased. An investigation will be launched to determine if disciplinary action is warranted for an apparent case of abuse of authority.

23.35 Meal Claims paid to Former Accountant

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

The former Accountant for the Department, Ms. Mere Naigia was transferred to the Ministry of Lands on 9/6/08 while Ms. Mareta Tikoyawa resumed her duties at the Department on 4/6/08.

The former Accountant claimed meal allowance totalling \$531 for carrying out various accounting duties for the Department after she was transferred. Refer to the following table for details.

Date	Cheque No.	Amount paid	Work Done	Approved By
12/6/08	12602	9.00	Generate and compile financial reports requested by A/MCS with Mareta	Mareta Tikoyawa
25/6/08	12699	9.00	Assisted AO MRD in adjustments and generating reports	Mareta Tikoyawa
23/7/08	13020	9.00	Assist AO in revenue and revenue chart of acc	Mareta Tikoyawa
28/7/08	13125	18.00	Assist AO MRD in preparation of virement of funds	Mareta Tikoyawa
15/8/08	13239	18.00	Voucher missing	-
20/8/08	13296	9.00	Assist AO with access account as required by FMIS	Mareta Tikoyawa
22/8/08	13346	18.00	Assist AO in generating project reports	Mareta Tikoyawa
18/9/08	13723	27.00	Assist AO with audit queries, BOS and financial reports	Mareta Tikoyawa
6/11/08	13977	45.00	Voucher missing	-
4/11/08	14114	63.00	Assist AO in reconciliations	Mareta Tikoyawa
24/11/08	14142	36.00	Assist AO in reconciliation of GL, TRF and RFA.	Mareta Tikoyawa
1/12/08	14226	36.00	Reconciliation of RFA	Mareta Tikoyawa
5/12/08	14272	36.00	Assist AO with reconciliation, budget loading, cashflow.	Mareta Tikoyawa
12/12/08	14351	45.00	Assist AO with RFA reconciliations Jan – Nov 08.	Mareta Tikoyawa
19/12/08	14464	45.00	Assist AO with reconciliation IDC.	Mareta Tikoyawa
31/12/08	14511	45.00	Voucher missing	-
16/1/09	14573	18.00	Assist AO on closing of 2008 accounts.	Mareta Tikoyawa
23/1/09	14602	45.00	Assist AO with the closing of accounts of 2008.	Mareta Tikoyawa
Total		531.00		

There was no approval obtained from the Director of Mineral Resources before engaging the former Accountant and all meal claims were approved by Ms. Mareta Tikoyawa.

The above finding shows the lack of proper management of incoming and outgoing officers in terms of handing over of responsibilities. Proper economy in the payment of meal claims has not been exercised. These could have been the result of poor work plans and the inability of the Accountant to carry out his/her responsibility.

Recommendations

- **The Department should exercise proper economy in the payment of meal claims through close monitoring and no such payment to be made where work is part of the normal responsibility of the Officer, and**
- **Work Load should be reviewed and Monthly/Weekly Forward Work Plans be developed and reviewed regularly.**

Department's Comments

Such claims were under extraordinary circumstances due to a sudden transfer or exchange of officers within the Ministry. Future staffs rotations/exchanges are now being scrutinized to ensure officers are capable of fulfilling duties before being transferred.

23.36 Tender Not Called for Purchases Above \$20,000

Tenders must be called for the procurement of goods, services or works that cost over \$20,000.³⁰

Where goods, services or works are regularly required by the agency, the Chief Executive Officer shall request the Tender Board to issue an annual tender for a particular good, services or works.³¹

Certain goods and services were regularly required by the Department but annual tenders were not called for the supply of these goods and services though the total cost exceeded \$20,000. Refer table below for examples.

Goods/services obtained	Costs (\$)
Supply of computers and computer accessories	57,305
Supply of Hardware and building materials	33,566
Supply of cartage services	36,595

These findings indicates the blatant disregard of the procurement procedures under the Finance Instruction 2005 and imply that procurements were done by artificially splitting the purchase orders to be able to obtain a lower level approval.

Recommendation

The Department should call for tenders for procurement of goods, services or works which cost over \$20,000 annually, and must not artificially split the purchase orders into a number of procurements for the purpose of avoiding relevant authority.

Department's Comments

This is deemed serious and an investigation has been launched to determine the relevant facts. However, do note that for computer purchases, such equipment is bought periodically throughout the year. Irrespective of the usual purchase trends, further investigations are underway. Where officers have been in breach, appropriate disciplinary action will follow.

³⁰ Finance Instruction 2005 12(4)

³¹ Finance Instruction 2005 15(1)

23.37 Non Compliance to Department's Finance Manual

All payments must be processed through payment vouchers prepared by the Accounts Officer. The Accounts Officer preparing a payment voucher must ensure that all information in the Finance Instruction 19(1) has been included on the payment voucher or attached to it before passing it for payment to Accounts Officer or Assistance Account for certification³².

Payment vouchers were not prepared when processing payments and supporting documents such as purchase orders and quotations were not always properly filed.

As a result it was difficult and time consuming to trace the vouchers from FMIS system to the supporting documents in payment voucher files. Refer to the table below for details.

Cheque no.	Payment date	Amount (\$)	Supplier	Remarks
12382	22/5/08	2,975.54	Leeda Equipment	<ul style="list-style-type: none"> No Payment Voucher Prepared No quotes attached
11507	5/2/08	420.00	Capricorn Hotel	<ul style="list-style-type: none"> No Payment Voucher Prepared
13679	2/10/08	2,340.00	Bondwell Computers	<ul style="list-style-type: none"> No Payment Voucher Prepared No quotes attached
13684	2/10/08	1,1100.00	Clariti South Pacific	<ul style="list-style-type: none"> No Payment Voucher Prepared No quotes attached
119988	3/4/08	1,585.00	Hose and Industrial Supplies	<ul style="list-style-type: none"> Voucher not Prepared No quotes prepared
11697	3/10/08	11,500.00	Abacus Graphics	<ul style="list-style-type: none"> No voucher prepared No supporting documents attached
1283	22/4/08	424.00	Audio Visual Electronics	<ul style="list-style-type: none"> No voucher No quotes attached
No Number	1/10/08	1,856.00	Carpenters Hardware	<ul style="list-style-type: none"> No voucher No quotes attached

The absence of payment vouchers poses a very high risk of fraud, misappropriation of funds and possibility of double payments being made by the Department.

Recommendations

- The Department should prepare payment vouchers when making payments to the suppliers of goods and services.
- Payment vouchers and the supporting documents should be properly filed in sequence for future reference.

Department's Comments

Payment vouchers were not raised as officers in Accounts do not have access to the Finance Manual therefore were unaware of proper procedures resulting in reliance on Accountant to provide advice. The Accountant has since been transferred and renewed efforts will now be made to obtain firstly, a copy of the Finance Manual and to now utilize proper procedures in purchasing of goods and services.

³² Department of Mineral Resource Finance Manual Sec 2.8.1&2

23.38 Excessive Repair Cost

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

Vehicle registration number GN 003 belonging to the Department of Mineral Resources had an engine problem in 2008 and was repaired at the Department's garage.

The total cost of repairs excluding labour cost, accumulated to \$5,322 as at 31/12/08; however the engine is still not in a working condition. The vehicle is still parked at the Department's garage.

Recommendations

- **The Department should investigate why the vehicle is not repaired despite spending exorbitant amount on repair works.**
- **The Department should consider outsourcing the repair work to a reputable private garage if it does not have the expertise.**

Department's Comments

The MRD Garage repairs vehicles for which parts have been purchased, it is not the current practice NOT to repair vehicles for which parts have been purchased or funds used.

The Department is already outsourcing repair work to reputable garages such as Carpenters for works it does not have the expertise or the equipment. Current examples include GN 110 (Rap Motors – body work), GN 003 (Carpenters Motors – engine head, GN 388 (Carpenters Motors – EFI computer box).

Overall, Department's Management team acknowledges the under-performance of the Garage Section and a restructure was undertaken to improve performance. However, as indicated by this finding, further efforts are required to improve performance including the need to recruit competent staff. To this effect, the Mechanic position will be advertised in the next round of vacancy advertisements.

23.39 Vehicle Accidents

A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault.³³ The accident report, police report, Solicitor General's advice and the supervisor's recommendation will all be taken into consideration by the surcharging authority before any surcharge is imposed.³⁴ If a surcharge is imposed, the driver shall be informed in writing. The Solicitor General shall also be notified of the surcharge action.³⁵

It was noted that the provisions for recommendation for the action to be taken as stated in the accident report have not been fully completed by the Department. This is a drawback in getting response from Solicitor General's Office.

It was noted that due to the delay in obtaining a response from Solicitor General's Office and Ministry of Finance, actions were yet to be taken on a number of vehicles that were involved in accidents since 2005.

³³ Department of Mineral Resources, Finance Manual 2005, section 12.6.7

³⁴ Department of Mineral Resources, Finance Manual 2005, section 12.6.8

³⁵ Department of Mineral Resources, Finance Manual 2005, section 12.6.9

Vehicle Registration	Date Of Accident	Drivers Name	Estimated Cost of Damage (\$)	Action Taken
GL 712	13/10/08	Sakaraia Vunisa	834.44	No action taken
GN 110	3/9/08	Jai Hind Prasad	1,411.00	No action taken
GL 673	14/7/08	Jai Hind Prasad	290.00	No action taken
GN 110	6/12/07	Apete Soro	Not known	No action taken
GN 110	2007	Filipe Drutai	Not known	No action taken
GL 829	27/11/06	Isireli Naisua	3,000.00	No action taken

The delay in getting a response from the Solicitor General has prolonged the process of taking action against the drivers concerned.

Recommendation

The Department should vigorously consult Solicitor General about the delay in response as it is delaying taking corrective actions against the drivers.

Department's Comments

Vehicle incidents and damages incurred are being internally reviewed. A summary report will be prepared for Solicitor General's Office for immediate attention. Further, policies on vehicle incidents are now being revisited to ensure compliance and accountability whereby a request to Ministry of Finance will be made to explore options to fast-track cost recovery.

23.40 Vehicles not in use

It is the responsibility of the Head of the Department to ensure that board of survey are convened in respect of unserviceable vehicles, which should be promptly disposed of by auction or otherwise instead of leaving them to deteriorate in Department yards.³⁶ Government vehicles must be used and maintained so as to maximise their useful life and their value upon disposal.³⁷

A number of government vehicles were left lying idle at the Department garage for more than a year due to mechanical problems. Discussions with Mechanical Supervisor on 25/3/09 confirmed that most of these vehicles can still be repaired to be used by the Department. Refer to the table below for details.

Vehicle Registration	Problems	Audit Comments
GM 546	Damaged gear box	Can be repaired or replaced
GL 591	Missing drivers seat	Can be replaced.
GL 829	Engine problem and body condition not good	To be written off
GM 388	Computer box problem	Can be replaced
GN 003	Engine problem	Can be repaired or replaced
GM 298	Engine problem	Can be repaired or replaced

Further, the vehicles were noted to be parked outside the garage without proper shelter which may further deteriorate the conditions of the vehicles.

³⁶ Transport rules and Instructions 42(a)

³⁷ Finance Instruction 2005 60(1)

Recommendation

The Department should assess whether the above vehicles could be repaired and those that are beyond repair should be recommended to the Ministry of Finance for write off.

Department's Comments

A fleet management strategy, inclusive of preventative maintenance is indeed being considered. However, in the context of the need to now reduce costs, the writing off of vehicles beyond repair could however cripple the Department's operations being field based. As this matter is of significance, it shall be raised in the next Ministerial Management meeting. Progressive writing off has commenced balanced against the clients' needs and the budget constraints of the Department.

DEPARTMENT OF ENVIRONMENT - FINANCIAL STATEMENT**23.41 Audit Opinion**

The audit of the 2008 accounts of the Department resulted in the issue of a qualified audit report as the Department of Environment did not consolidate its accounts with the Ministry of Lands and Mineral Resources as required under Schedule 3 of the 2009 Appropriation Promulgation 2008.

23.42 Statement of Receipts and Expenditures

The Department of Environment incurred total expenditures of \$1,974,414 in 2008 compared to \$1,395,122 in 2007. Details are shown in the table below.

Description	2008 \$	2007 \$
RECEIPTS		
State Revenue		
Miscellaneous	2,540	28,245
Government Department VAT	2,060	-
Commission	0	3
TOTAL REVENUE	4,600	28,248
EXPENDITURES		
Operating		
Established Staff	385,614	383,308
Unestablished Staff	35,005	32,933
Travel & Communication	25,987	28,951
Maintenance & Operations	41,945	44,443
Purchase of Goods & Services	65,106	68,650
Operating Grants & Transfers	1,041,430	212,119
Special Expenditures	307,356	176,035
Total Operating Expenditures	1,902,443	946,439
Capital		
Capital Construction	-	284,058
Capital Purchases	-	41,867
Capital Grants & Transfers	-	-

Description	2008 \$	2007 \$
Total Capital Expenditures	-	325,925
Value Added Tax	71,971	122,758
TOTAL EXPENDITURES	1,974,414	1,395,122

The decrease in total revenue by \$23,648 or 84% compared to 2007 was largely due to decrease in revenue from sale of Tabua.

Total expenditure increased by \$579,292 or 42% compared to that of 2007. The increase is attributed to an increase in operating grants & transfers and increase in special expenditure for special projects and litter awareness.

23.43 Statement of Output Costs

The Department's Statement of Output Costs is detailed in *Appendix 23.4*.

23.44 Appropriation Statement

The Department incurred expenditures totalling \$1,974,414 in 2008 against the budget of \$2,522,000 resulting in a savings of \$547,586 or 22%.

Details of expenditures against the budget estimates are provided below.

Seg	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriat - ion \$
1	Established Staff	464,300	-	464,300	385,614	-	78,686
2	Unestablished Staff	40,800	-	40,800	35,005	-	5,795
3	Travel & Communication	30,000	-	30,000	25,987	-	4,013
4	Maintenance & Operations	51,000	-	51,000	41,945	-	9,055
5	Purchase of Goods & Services	82,400	-	82,400	65,106	-	17,294
6	Operating Grants & Transfers	1,047,000	-	1,047,000	1,041,430	-	5,570
7	Special Expenditures	698,500	-	698,500	307,356	-	391,144
	Total Operating Costs	2,414,000	-	2,414,000	1,902,443	-	511,557
	Capital Expenditure						
8	Construction	-	-	-	-	-	-
9	Purchases	-	-	-	-	-	-
10	Grants & Transfers	-	-	-	-	-	-
	Total Capital Expenditure	-	-	-	-	-	-
13	Value Added Tax	108,000	-	108,000	71,971	-	36,029
	TOTAL EXPENDITURE	2,522,000	-	2,522,000	1,974,414	-	547,586

AUDIT FINDINGS

23.45 Submission of Accounts

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 with the Auditor General.³⁸

Audit noted that the Department of Environment has not consolidated its financial statement with the Ministry of Lands and Department of Mineral Resources as required under the provision of the Finance Management Act.

Recommendation

The Department of Environment must ensure that all future financial statements are consolidated as stipulated in the Financial Management Act.

Department's Comments

You may wish to note that the Department had submitted a copy of our 2008 December Final to Ministry of Lands & Mineral Resources before 31st March 2009, assuming that all Financial Statements are to be submitted at Head Level.

Nonetheless, your recommendation has been taken into account to ensure that in future, all the Department's financial statements are consolidated at Head Level.

23.46 Trust Fund Account

Within 5 days after the end of each month, the trust officer shall prepare and sign a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.³⁹

The trust officer shall make available for the audit the necessary trust documents supporting the transaction and balances of the trust.⁴⁰

The Department of Environment maintains one Trust Fund Account. A difference of \$56,570.93 was noted between Department's records and FMIS. The Department recorded a balance of \$1,535,328.62 whereas the FMIS had \$1,478,757.69.

The above findings indicate the need for regular reconciling of the two records.

Recommendation

The Department should ensure that the balance of Trust Fund Account is reconciled with FMIS on a regular basis, and examine and rectify the difference of \$56,570.93.

Department's Comments

Please note that the Department had reconciled our Trust Fund Account on a monthly basis. The variance highlighted in your report is the VAT portion.

³⁸ Finance Instruction (2005) 81(3)

³⁹ Finance Instruction 2005, Part 15.4.1

⁴⁰ Finance Instruction 2005, Part 15.4.7

We know that trust fund accounts are not subject to Vat, but the set up of the Accounts Receivable Module which we use for our trust fund, deducts Vat automatically – hence, the variance.

However, your recommendations have been taken into account, and the Department is liaising with the Ministry of Finance in trying to rectify this problem with the AR Module, to avoid future variances from appearing.

23.47 Naboro Landfill Gate Takings

On 22nd July 2005, the Ministry of Local Government, Housing, Squatter Settlement and Environment entered into a five year contract agreement with H.G. Leache & Company Limited of New Zealand for the operation of Naboro Landfill for \$10,375,999 (VEP).

Payment to the Contractor is made from the gate fees collected and is only subsidised by government if there is a shortfall in the monthly gate fees collected to meet the claim by the contractor. It was noted that the Contractor collects the gate fees, issue their own receipts, and carries out the daily banking and the monthly bank reconciliation of the fees collected.

The table below details the total monthly gate fees collected for the year 2008.

Months	Total Gate Fees Received (\$)	Total Cubic Meters of Waste (Tonnage)
January	114,870.02	4,453.43
February	103,020.61	4,054.27
March	87,546.29	3,485.55
April	102,819.52	4,125.16
May	104,058.06	4,170.22
June	102,908.15	4,107.58
July	102,763.29	3,999.09
August	96,967.04	3,833.60
September	104,944.71	4,108.54
October	123,487.63	4,651.54
November	128,567.84	4,817.06
December	141,130.17	5,249.99
Total	1,313,083.33	51,056.03

The table below compares the estimated cubic meter of waste against the actual cubic meter of waste deposited in the land fill.

Years	Estimated Cubic Meters of Waste per year (Tonnage)	Actual Cubic Meters of Waste per year (Tonnage)	As % of Estimated with Actual	Variance (Tonnage)
2005	103,965	13,092.25	13%	90,872.75
2006	108,915	60,197.85	55%	48,717.15
2007	112,701	59,192.44	53%	53,508.56
2008	116,338	51,056.03	44%	65,281.97
Total	441,919	183,538.57		258,380.43

Audit investigation into the Naboro Landfill project highlights the following irregularities in the collection of gate fees by the contractor.

The contractor has been submitting monthly reports to the Department which includes debtors' records, the contractor's bank records and details of the receipts and the operational costs. However these monthly reports were not consistent and incomplete which are as follows:

- Bank statements for the months of January to March and November 2008 were not provided together with the monthly reports submitted by the contractor to the department.
- The contractor only provided the dates revenue was receipted however the details of bank lodgements were not provided.
- Only the cancelled receipt numbers were provided for revenue that was receipted twice, while the replacement receipts and the corresponding amounts were not provided. In addition for receipts with wrong entries, the correcting receipts including the corresponding amounts were not provided.

Furthermore, there were no monthly or yearly revenue forecasts set by the Department for the gate fees collected by the contractor. A total of \$1,313,083.33 in gate fees was collected in 2008 by the contractor, however this could not be verified as incomplete records were maintained nor were there any reconciliation of records carried out by the Department.

The above anomalies would result in the following:

- The Department would not be able to properly monitor the daily, monthly and yearly collection of gate fees by the contractor.
- The Department would not be able to verify the daily revenue collections, reconciliation and banking as stated in the contractors monthly claims.
- Since the contractor is not submitting all the bank statements and details of lodgements, the department is in no position to verify the total gate takings and determine if the subsidy paid to meet the shortfalls are correctly calculated.

Recommendation

The Department should ensure that the contractor submits all the records such as bank statements, lodgement records and other related records to correctly ascertain the correct amount for any subsidy to be paid if required.

Department's Comments

Regular consultations and on-going discussions are being held with HG Leach (Fiji) Ltd and their accountants (KPMG) in our attempts to ensure that they fully comply with their contractual obligations with government. You may wish to note that the department has since opened a separate bank account to facilitate the receipt of gate fees and payments to parties specified in the contract.

Nonetheless, your recommendations have been taken into account to ensure that HG Leach adheres fully to the procedural requirements specified in the contract especially the submission of relevant documents to substantiate claims of subsidy from government.

Appendix 23.1: Statement of Output Costs – Department of lands**Programme 1– Policy and Administration****Activity 1 – General Administration**

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	148,594	262,281
Unestablished Staff	24,775	21,172
Travel & Communication	33,858	23,016
Maintenance & Operations	23,260	16,365
Purchase of Goods & Services	1,764	8,531
Operating Grants & Transfers	0	0
Special Expenditures	0	0
Total Operating Costs	232,251	331,365
Capital Costs		
Capital Construction	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	5,714	1,610,915
TOTAL EXPENDITURE	237,965	1,942,280

Programme 3– Lands and Survey**Activity 1 – Administration**

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	1,190,861	1,039,337
Unestablished Staff	40,937	86,140
Travel & Communication	72,400	131,329
Maintenance & Operations	22,485,423	24,820,092
Purchase of Goods & Services	129,537	334,085
Operating Grants & Transfers	1,369,794	1,335,952
Special Expenditures	143,560	78,242
Total Operating Costs	25,432,512	27,825,177
Capital Costs		
Capital Construction	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	2,825,089	1,493,081
TOTAL EXPENDITURE	28,257,601	29,318,258

Activity 2 - Survey & Mapping

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	2,386,929	2,447,964
Unestablished Staff	460,036	420,735
Travel & Communication	43,148	86,375
Maintenance & Operations	365,043	192,993
Purchase of Goods & Services	6,933	4,762
Operating Grants & Transfers	0	0
Special Expenditures	0	0
Total Operating Costs	3,262,089	3,152,829
Capital Costs		
Capital Construction	352,521	269,629
Capital Grants & Transfers	200,000	82,495
Capital Grants & Transfers		869
Total Capital Costs	552,521	352,993
Value Added Tax	106,436	400,347
TOTAL EXPENDITURE	3,921,046	3,906,169

Activity 3 - Valuation

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	671,177	689,627
Unestablished Staff	20,200	18,910
Travel & Communication	17,560	23,509
Maintenance & Operations	18,789	17,888
Purchase of Goods & Services	3,239	2,273
Operating Grants & Transfers	0	0
Special Expenditures	0	0
Total Operating Costs	730,965	752,207
Capital Costs		
Capital Construction	0	0
Capital Grants & Transfers	0	0
Total Capital Costs	0	0
Value Added Tax	3,330	109,180
TOTAL EXPENDITURE	734,295	861,387

Activity 4 - State Land Operation and Development

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	132,624	314,181
Unestablished Staff	51,559	37,651
Travel & Communication	10,541	8,866
Maintenance & Operations	39,970	22,409
Purchase of Goods & Services	286	174
Operating Grants & Transfers		
Special Expenditures		
Total Operating Costs	234,980	383,281
Capital Costs		
Capital Construction	417,038	35,135
Total Capital Costs	417,038	35,135
Value Added Tax	-3,247	207,151
TOTAL EXPENDITURE	648,771	625,567

Appendix 23.2: STALE CHEQUE LISTING

Unpresented Stale Cheque List								
Date	Cheque	Amount	Date	Cheque	Amount	Date	Cheque	Amount
26/10/06	002760	100.00	9/8/2007	010860	780.00	28/6/08	014820	79.00
22/11/06	003423	7900.00	13/08/07	010910	0.76	2/7/2008	014833	36.00
19/12/06	008099	395.00	13/08/07	010911	13.00	15/7/08	014876	81.00
21/12/06	008150	708.40	14/08/07	010930	20.00	5/8/2008	014916	100.00
27/12/06	008249	385.00	14/08/07	010931	213.14	7/8/2008	014942	100.00
27/12/06	008282	395.00	14/08/07	010933	133.00	7/8/2008	014947	171.70
19/03/06	009535	16.00	14/08/07	010934	32.40	7/8/2008	014967	90.00
29/06/07	008850	190.08	14/08/07	010935	302.94	11/3/2008	015500	55.00
6/7/2007	010119	500.00	16/08/07	010946	1289.88	18/3/08	015082	543.25
6/7/2007	010120	5479.50	24/08/07	011036	371.04	18/3/08	015095	20.00
6/7/2007	010123	773.44	30/08/07	011136	990.00	25/3/08	015174	1470.48
18/12/07	010251	63.45	4/9/2007	011231	380.00	1/4/2008	015275	47.00
6/7/2007	010149	52.88	6/9/2007	011366	222.00	1/4/2008	015276	20.00
16/07/07	010391	410.00	10/9/2007	011404	5.13	1/4/2008	015277	49.92
23/07/07	010494	296.62	13/09/07	011442	1125.00	2/4/2008	015298	54.00
23/07/07	010495	285.77	21/09/07	011511	168.19	3/4/2008	015322	165.00
23/07/07	010496	377.33	30/09/07	011856	200.00	3/4/2008	015326	350.00
23/07/07	010499	72.05	15/10/07	011943	762.50	4/4/2008	015341	5595.90
23/07/07	010500	99.99	15/10/07	011944	440.00	7/4/2008	015372	2613.50
23/07/07	010501	9.00	17/10/07	011970	36.00	14/4/08	015570	820.00
23/07/07	010502	93.00	20/11/07	012410	170.00	14/4/08	015573	660.00
23/07/07	010503	42.50	26/11/07	012606	128.50	21/4/08	015653	694.40
23/07/07	010504	10.00	11/12/07	012842	472.50	23/4/08	015728	199.64

Unpresented Stale Cheque List									
23/07/07	010505	5.13	14/12/07	012918	136.00	25/4/08	015748	183.01	
23/07/07	010506	50.50	17/12/07	012994	76.40	28/4/08	015795	17.71	
23/07/07	010507	3.16	19/12/07	013011	80.00	28/4/08	015796	24.00	
23/07/07	010508	13.00	27/12/07	013013	92.00	9/5/2008	016126	418.05	
23/07/07	010509	174.00	29/12/07	013141	230.00	13/5/08	016181	203.34	
27/07/07	010533	9.00	29/12/07	013250	924.00	27/05/08	016397	320.00	
27/07/07	010536	72.00	29/12/07	013252	709.50	3/6/2008	016556	126.00	
27/07/07	010538	2242.47	29/12/07	013257	120.75	5/6/2008	016597	52.88	
30/07/07	010878	81.00	29/12/07	013259	200.00	5/6/2008	016620	111.99	
30/07/07	010543	1108.00	29/12/07	013260	1909.89	25/6/08	016938	296.47	
30/07/07	010553	210.00	31/12/07	013484	243.00	25/6/08	016947	51.75	
31/07/07	010558	11.80	31/12/07	013396	119.96	26/6/08	016952	577.50	
31/07/07	010559	0.80	31/12/07	013411	420.00	27/6/08	017002	123.00	
31/07/07	010560	7.00	31/12/07	013504	542.50	Total		\$88,928.12	
31/07/07	010562	294.85	14/01/08	013593	310.11				
31/07/07	010563	136.04	21/01/08	013667	310.11				
31/07/07	010564	7391.67	3/3/2008	014262	20.00				
31/07/07	010565	4449.49	5/3/2008	014345	500.00				
31/07/07	010566	1076.66	5/3/2008	014385	550.00				
31/07/07	010567	72.65	11/3/2008	014490	20.00				
31/07/07	010588	108.00	9/4/2008	014596	155.34				
31/07/07	010589	90.00	29/4/08	014635	199.75				
3/8/2007	010629	19150.03	4/6/2008	014756	180.00				
8/8/2007	010841	55.00	10/6/2008	014785	432.88				
9/8/2007	010859	116.60	17/6/08	014788	84.60				

Appendix 23.3: Statement of Output Costs – Mineral Resources

Geological and Mineral Investigation

EXPENDITURE	2008 (\$)	2007 (\$)
Operating Costs`		
Established staff	1,211,215	1,400,938
Unestablished staff	342,109	337,450
Travel and communications	55,308	74,407
Maintenance & operations	197,028	2,578,789
Purchase of goods and services	75,242	57,051
Operating grants and transfers	413,529	381,529
Special expenditures	29,373	20,151
Total Operating Costs	2,323,804	4,850,315
Capital Expenditure		
Construction	675,116	124,849
Purchases	205,591	113,619
Total Capital Expenditure	880,707	238,468

EXPENDITURE	2008 (\$)	2007 (\$)
Value Added Tax	106,242	356,148
TOTAL EXPENDITURE	3,310,753	5,444,931

Oil and Mines Act Administration

EXPENDITURE	2008 (\$)	2007 (\$)
Operating Costs		
Established staff	253,786	193,659
Travel and communications	8,684	5,241
Maintenance & operations	11,847	6,961
Purchase of goods and services	60,832	80,321
Total Operating Costs	335,149	286,182
Value Added Tax	119	15,225
TOTAL EXPENDITURE	335,268	301,407

Appendix 23.4: Statement of Output Costs – Department of environment

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	385,614	383,308
Unestablished Staff	35,005	32,933
Travel & Communication	25,987	28,951
Maintenance & Operations	41,945	44,443
Purchase of Goods & Services	65,106	68,650
Operating grants and transfers	1,041,430	212,119
Special expenditures	307,356	176,035
Total Operating Costs	1,902,443	946,439
Capital Expenditure		
Construction	-	284,058
Purchases	-	41,867
Grants and Transfers	-	-
Total Capital Expenditure	-	325,925
Value Added Tax	71,971	122,758
TOTAL EXPENDITURE	1,974,414	1,395,122

Section 24 Ministry of Industry, Tourism, Trade and Communication

Role and Responsibilities

The Ministry is responsible for formulating and implementing policies and strategies to facilitate investment, commerce and business development thus contributing to quality economic growth. The development and implementation of policies and strategies involves the Economic Analysis Unit working closely with the implementing arms of the Ministry which are: Department of Fair Trading and Consumer Affairs; Corporate Section; National Micro Finance Unit; Consumer Council of Fiji; Fiji Islands Trade and Investment Board; Fiji Audio Visual Commission; National Centre for Small and Micro Enterprise Development; and Department of Cooperatives and Small Business. The Ministry is also responsible for providing and implementing Government policies on the regulation of the Telecommunication, ICT, Radio Communications, Postal and Television Industries.

The Department of Tourism is responsible for the formulation of policy initiative for tourism development, facilitating the development of tourism infrastructure, coordinating the activities of stakeholders agencies, planning and monitoring the implementation of tourism development programmes, promoting and developing sustainable tourism awareness, and encourage local participation in the industry.

Table of Contents

FINANCIAL STATEMENT.....	2
24.1 Audit Opinion.....	2
24.2 Statement of Receipts and Expenditure	2
24.3 Statement of Output Costs.....	3
24.4 Appropriation Statement	3
24.5 Statement of Losses	4
24.6 TMA Annual Financial Statements.....	4
AUDIT FINDINGS	6
24.7 Non Preparation of Agency Financial Statements	6
24.8 Balancing Entries in the Trading Manufacturing Account (TMA)	6
24.9 FNPF Reconciliation	7
24.10 VAT Reconciliation.....	8
DEPARTMENT OF COMMUNICATIONS.....	8
24.11 Arrears of Revenue	8
24.12 Drawing Account – BANK	9
24.13 Revolving Fund Account – Miscellaneous	10
DEPARTMENT OF TOURISM.....	10
24.14 Delegation of Procurement Authority	10
DEPARTMENT OF CO-OPERATIVE AND SMALL BUSINESSES	11
24.15 Arrears of Revenue - Consumer Loan Scheme.....	11
24.16 Delay in Instigating Surcharge Action	12
Appendix 24.1 – Statement of Output Costs.....	14

FINANCIAL STATEMENT

24.1 Audit Opinion

The audit of the 2008 accounts of the Ministry of Industry, Tourism, Trade and Communication resulted in the issue of a qualified audit report.

The qualification was that 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.

24.2 Statement of Receipts and Expenditure

The Ministry collected revenue totalling \$6,251,412 and incurred a total expenditure of \$25,983,121 in 2008.

Table 24.1: Statement of Receipts and Expenditures for 2008

Description	2008 \$	2007 \$
RECEIPTS		
State Revenue		
Fees – Miscellaneous	165,049	175,973
License Telecom & TV	4,584,227	739,004
Fines	2	0
Administrative Fines	250	0
Commission	2,011	488
Value Added Tax	472,287	113,423
Exercise Dues	1,024,279	0
Income Tax- PAYE	3,254	0
Interest on Consumer Loans	0	443
Refund Government	21	0
Miscellaneous	32	2,755
TOTAL REVENUE	6,251,412	1,032,086
EXPENDITURE		
Operating Costs		
Established staff	3,371,880	3,006,476
Government Wage Earners	319,129	297,645
Travel and communications	225,210	186,613
Maintenance & operations	363,031	312,164
Purchase of goods and services	82,211	44,726
Operating grants and transfers	6,599,725	4,345,155
Special expenditures	1,659,178	3,257,025
Total Operating Costs	12,620,364	11,449,804
Capital Expenditure		
Purchases	0	172,562
Grants and Transfers	13,079,556	820,015

Description	2008 \$	2007 \$
Total Capital Expenditure	13,079,556	992,577
Value Added Tax	283,201	891,149
TOTAL EXPENDITURE	25,983,121	13,333,530

The total revenue collected for 2008 increased by \$5,219,326 or 505.7% compared to 2007. The substantial increase in revenue was due to the increase in Telecommunication and TV licence fees under the new fees structure which came into effect on 1/11/07 and increase in revenue collected from Exercise Dues.

The Ministry incurred a total expenditure of \$25,983,121 in 2008 compared to \$13,333,530 in 2007. The increase in expenditure was due to increases in operating grant paid to Fiji Islands Trade and Investment Bureau and Fiji Visitors Bureau, increase in capital grants and transfers to Micro Finance, Fiji Visitors Bureau and Eco- Tourism Projects.

24.3 Statement of Output Costs

The 6 Statements of Output Costs are detailed in *Appendix 24.1*.

24.4 Appropriation Statement

The Ministry incurred expenditures totalling \$25,983,121 in 2008 against the budget of \$29,195,750 resulting in a savings of \$3,212,629 or 11%.

Details of expenditures against the budget estimates are provided in Table 24.2 below.

Table 24.2: Appropriation Statement for 2008

SEG	Item	Budget Estimate	Changes (see note)	Revised Estimate	Actual Expenditure	*Carry- over	Lapsed Appropriation
		\$	\$	\$	\$	\$	\$
1	Established staff	3,825,200	3,800	3,821,400	3,371,880	-	449,520
2	Unestablished staff	366,400	1,100	365,300	319,129	-	46,171
3	Travel and communications	249,500	(2,000)	251,500	225,210	-	26,290
4	Maintenance & operations	395,100	(5,000)	400,100	363,031	-	37,069
5	Purchase of goods and services	109,300	3,383	105,917	82,211	-	23,706
6	Operating grants and transfers	6,725,600	(2,883)	6,728,483	6,599,725	-	128,758
7	Special expenditures	5,309,700	1,701,400	3,608,300	1,659,178	-	1,949,122
	Total Operating Costs	16,980,800	1,699,800	15,281,000	12,620,364	-	2,660,636
	Capital Expenditure						
8	Construction	0	0	0	0	-	0
9	Purchases	300,000	150,000	150,000	0	-	150,000
10	Grants and Transfers	13,200,400	0	13,200,400	13,079,556	-	120,844
	Total Capital Expenditure	13,500,400	150,000	13,350,400	13,079,556	-	270,844
13	Value Added Tax	795,600	231,250	564,350	283,201	-	281,149
	TOTAL EXPENDITURE	31,276,800	2,081,050	29,195,750	25,983,121	-	3,212,629

24.5 Statement of Losses

The following items were found to be unserviceable during the annual Board of Survey for the different divisions and were approved for write- off by the Permanent Secretary for Finance.

Table 24.3: Unserviceable Items

Office	Item	No.	Cost (\$)
Lautoka	Electric fan	1	30.00
	Pigeon hole shelf	1	25.00
Navua	1993 GO	1	5.00
	1981 GO	1	5.00
	Finance Instructions	1	5.00
	Clerical steel chair	1	10.00
	Electric fan	1	20.00
Sigatoka	Ex.chair	1	100.00
	Iron frame chair(red)	2	20.00
	Waste paper bin	1	5.00
Nausori	Calculator	2	40.00
	Photocopier	1	6,000.00
	Wooden telephone box	2	10.00
	Table fan	1	35.00
	Double hole punch	1	10.00
	Wooden chairs	2	60.00
Labasa	Desk calendar stand	2	6.00
	Electric kettle	1	35.00
	Office table	2	100.00
	Exe.chair	1	60.00
	Torch	1	20.00
	3 comp. filing dip	1	35.00
	Typist table	1	100.00
Savusavu	Mop/bucket	1	5.00
	Blackboard	1	20.00
	Bench	1	10.00
	Calculator	1	10.00
	Rubbish bin	4	40.00
	Mop & handle	1	5.00
	Steel chairs	1	20.00
	Swivel chairs	2	100.00
Total			6,946.00

24.6 TMA Annual Financial Statements

Table 24.4: Trading & Manufacturing Account - Government Handicraft Centre

	2008 (\$)	2007 (\$)
Trading & Manufacturing Account		
Raw Materials (1/1/08)	0	0
Purchases	9,135	4,560
	9,135	4,560
Raw Materials 31/12/08	0	0
Raw Materials used	9,135	4,560

	2008 (\$)	2007 (\$)
Add: Work in Progress (1/1/08)	0	0
Factory Overheads	261	524
Less: Work in Progress (31/12/08)	0	0
Cost of Manufactured Goods transferred to Trading A/C	9,396	5,084
Trading Account		
Sales	48,186	11,380
Stock of Finished Goods (1/1/08)	6,094	3,004
Add: Cost of Manufactured Goods	9,396	5,084
	15,490	8,088
Less: Stock of Finished Goods (31/12/08)	5,738	6,094
Cost of Finished Goods Sold	9,752	1,994
Gross Profit/(Loss) Transferred to P&L	38,434	9,386
Profit & Loss Statement		
Income		
Gross Profit transferred from Trading A/c	38,434	9,386
Total Income	38,434	9,386
Expenses		
Travel Domestic	0	269
Communication	1,669	1,507
Special Expenditure	289	0
Vat Input Tax	255	668
Total Expenses	2,213	2,444
Net Profit	36,221	6,942
Balance Sheet		
Equity		
Equity	56,731	49,789
Surplus Capital	6,862	0
Net Profit/Loss	36,221	6,942
Total Equity	99,814	56,731
Assets		
Current Assets		
Cash at Bank	87,942	46,512
Accounts Receivable	6,134	4,125
Inventory	5,738	6,094
Total Current Assets	99,814	56,731
Current Liabilities	0	0
Working Capital	99,814	56,731
Non Current Assets	0	0
Non Current Liabilities	0	0
Total Net Assets	99,814	56,731

AUDIT FINDINGS

24.7 Non Preparation of Agency Financial Statements

Each agency must include the following statements in its annual financial statements¹:

- (a) a statement of receipts and expenditures;
- (b) statement of output costs;
- (c) a profit and loss statement for each trading and manufacturing activity
- (d) an appropriation statement
- (e) a statement of assets and liabilities;
- (f) notes to the statement of assets and liabilities
- (g) a statement of losses
- (h) a trust account statement of receipts and payments

The Ministry of Industry, Tourism Trade and Communication failed to submit a Statement of Losses contrary to the requirement of the Financial Instruction.

Recommendation

The Ministry should provide full disclosures of the financial statement as required under the 2005 Finance Instructions.

Management Comments

We did not submit any Loss Statement as there were no losses recorded after the BOS, this was conveyed to the Auditor General as advised by the auditor through our Memorandum dated 19 May, 2009. A copy is attached.

24.8 Balancing Entries in the Trading Manufacturing Account (TMA)

Trading and Manufacturing Accounts (TMA) are operated on a semi-commercial basis to increase the returns that are realized from them and to provide goods and services or works more cost-effectively².

Agencies operating TMA should prepare Trading account, Profit and Loss account and Balance Sheet for the trading and manufacturing activity. The financial statement for the TMA should be properly and accurately prepared and net asset should reconcile with total equity in the balance sheet.

The TMA for the Government Handicraft was not accurately prepared. An unsubstantiated amount of \$6,862 was noted between the net assets and total equity in the balance sheet as at 31 December 2008. The difference was incorrectly recorded as surplus capital to balance off the balance sheet.

Recommendation

The Ministry should identify, clarify and rectify the difference noted in the TMA balance sheet, and ensure monthly TMA Financial Statements are prepared and monitored.

¹ Section 82 [2] of Finance Instruction 2005

² Part 6 of the Ministry of Commerce Finance Manual

Management Comments

In preparation of the TMA, we are guided by the FMIS desk officer for the balancing entries, this was OK when we were doing it manually as it was reflected in the P & L Account. The monthly TMA reconciliations balance with the FMIS figure and the bank statement. The format and entries are determined by FMIS. This issue has been raised with FMIS for adjustments.

24.9 FNPF Reconciliation

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

In order to verify the accuracy of the FNPF contributions paid by the Ministry to the Fund, audit recalculated 8% of the actual expenditure recorded under SEG's 1 and 2 in the FMIS in comparison to the actual amount paid to the Fund. The exercise noted a difference of \$31,110.03 between the two figures. Refer to details provided in Table 24.5 below.

Table 24.5: Variance in FNPF Calculation – 2008

FNPF Contribution Paid by Ministry for 2008 (Employer contribution only)		Amount (\$)
SEG 1	FNPF contributions paid – Established Staff	256,424.59
SEG 2	FNPF contributions paid – Unestablished staff	16,005.28
		272,429.87
	Add: December 2008 FNPF Contributions	22,776.64
		295,206.51
	Less: December 2007 FNPF Contributions	31,035.82
	Total Employers Contributions paid by the Ministry	264,170.69
Audit Calculation of FNPF for 2008(Employer contribution only)		
SEG 1 & 2	Salaries & Wages as per FMIS	3,691,009.00
	FNPF Contribution (3,691,009 x 0.08)	295,280.72
	Difference	(31,110.03)

The inconsistency in the reconciliations and lack of monitoring by the Ministry has resulted in the difference of \$31,110.03.

Recommendation

The Ministry should take necessary steps to reconcile and account for the variance noted.

Management Comments

The Ministry's monthly reconciliations are very accurate as we process payment on the FNPF FMIS listing provided by the Ministry of Finance which is reconciled with the monthly expenditure of segs 1 & 2. The figures you have provided is not from our GL listings. Please note that you may have taken expenditure figures on Head 34 which also includes Departments of Co-operatives and Tourism respectively. These Departments are self-accounting and their payment of FNPF would not appear in our GL.

24.10 VAT Reconciliation

A reconciliation statement shall be completed at the end of each month to ensure that all the entries made to the control account agree with the final monthly total.

Audit noted that the *Total taxable supplies as per the VAT returns* did not reconcile with the *Total expenses subject to Vat* as per the Expenditure Statement. In addition a difference of \$181, 520.58 was noted between the VAT paid as per Statement of Revenue and Expenditure and VAT returns. Refer to details provided in Table 24.6 below.

Table 24.6: Variance in VAT Calculation – 2008

	Amount (\$)
Taxable supplies	
Total Expenditure as per Expenditure Statement	25,699,920.92
Less Expenditure not Subject to VAT	23,370,290.54
Total Expenditure Subject to VAT	2,329,630.38
Less Total Taxable Supplies as per VAT Return	2,525,924.96
Unreconciled Variance	196,294.58
VAT Paid – 2008	
VAT payment as per Statement of Revenue and Expenditure	283,200.60
VAT payment as per VAT Returns	101,680.02
Unreconciled Variance	181, 520.58

The lack of regular reconciliations and poor monitoring by the Ministry has resulted in the differences highlighted above.

Recommendations

The Ministry should take necessary steps to reconcile and account for the variance noted.

Management Comments

The Ministry's VAT Reconciliation and payments are done based on the monthly expenditure amounts in segs 3 – 5 and 7 – 9 as stated in the GL. The Ministry reconciles and processes VAT payments in respect of Programmes 1, 2, 3 and 5. The figures you have quoted does not tally with our GL figures.

Also to be noted is that VAT is not charged on segs 1, 2, 6 and 10. The total expenditure you have quoted under Head 34 may include Department of Tourism and Co-operatives which are self accounting and their payments for VAT are separate.

DEPARTMENT OF COMMUNICATIONS

24.11 Arrears of Revenue³

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

³ Extracted from Appendix 24A of the Accounts and Finances Report
Ministry of Industry, Tourism, Trade and Communications

- no further credit shall be extended to with the debtor;
- a demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than a month;
- if the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within 14 days.⁴

If a final notice had been issued to one of the debtors listed, the Principal Accounts Officer may approve the case to be referred to the Solicitor General or the Small Claims Tribunal, after considering the cost implication and the probability of recovery.⁵

The Department of Communication recorded total arrears of \$1,096,943.25 as at 31 December 2008. The arrears show a significant increase of 90% from \$97,918 recorded in 2007. The status of arrears reflects the Ministry's inability to be proactive in its debt collection approach.

Recommendation

Appropriate actions should be taken to recover the debts.

Management Comments

The arrears of revenue has accumulated from the major licence holders of the telecommunication sector. This is because the legislation on Telecommunication Authority of Fiji (TAF) which requires the necessary fees to be paid to TAF and not to the Communications Department.

The TFL, Vodafone and Digicel are yet to pay. As for other arrears, a request has been made to the Ministry of Finance for write-off of the arrears where the companies owing radio licence fees no longer exist and no licence are reissued to the defaulters. Fees are collected through annual inspection of the companies holding the respective licences.

This issue was explained in detail to the auditors.

24.12 Drawing Account – BANK⁶

Drawings account is the departmental bank accounts that usually have no balance (savings) and is used only by departments to draw money from the account. All government departments must operate one drawings account except the Ministry of Finance and National Planning.

Drawings account reconciliation should be done by recording the total value of cheques issued by the department within a period less the value of cheques presented within the same period. The difference should tie up with the departments' drawings accounts records at the end of the period under scrutiny. Departments should provide in detail any differences between the unpresented cheques listing and the departments' drawings account.

A difference of \$89,782.46 was noted between the Ministry of Commerce Drawings account reconciliation and the balance recorded in the FMIS. The Ministry's reconciliation recorded a balance of \$260,386.06 whereas the balance on FMIS had \$350,168.52.

⁴ Section 9.2.1 of Finance Manual (Ministry of Commerce)

⁵ Section 9.2.4 of Finance Manual (Ministry of Commerce)

⁶ Extracted from Appendix 3 of the Accounts and Finances Report

Recommendation

The anomaly should be identified and corrected.

Management Comments

The difference in the Ministry's Drawings account balance and the FMIS balance was clearly explained to the Auditors. However, the reason for this is that the cheques written and presented on the 31st December, 2008 (as debit) were actually cleared by the bank when they resumed for business on the 2nd of January, 2009. Hence the difference recorded as at 31/12/08. The Ministry of Finance was also aware of this outstanding amount. This has now been regularized.

24.13 Revolving Fund Account – Miscellaneous⁷

A difference of \$4,305.54 between the Department's RFA reconciliation and the FMIS balance was noted. The Department's reconciliation recorded a balance of \$147,845.87 whereas the balance on FMIS had \$152,151.41.

The major component of the RFA is the Micro-Finance Unit Lending Account, which is an operating account for existing balances of the Unit.

This issue had been highlighted from 2003 to 2007 in the Auditor General's Report to Parliament - that the balance is yet to be transferred to the National Centre of Micro Enterprise following a Cabinet decision of 18/11/03. This was not done because the project is on-going and funds will be transferred once the amount borrowed has been fully recovered.

Recommendation

The Department should clear the unreconciled balances in the Revolving Fund Account, and ensure that the Revolving Fund Account is reconciled with Ministry of Finance records at the end of each month.

Management Comments

The error was on the part of the FMIS which has now been regularized.

DEPARTMENT OF TOURISM**24.14 Delegation of Procurement Authority**

Accounts Officer has the delegated authority to procure goods, services and works up to the limits of \$2,000.⁸ Any officer who authorises expenditure exceeding his/her procurement limits, shall be liable for surcharge to repay the unauthorised amount.⁹

Mr Inoke Marokobau, the Accounts Officer (*EDP 17645*) had approved local purchase orders which exceeded his authorised approving limits. Refer to Table 24.7 below for examples:

⁷ Extracted from Appendix 19 of the Accounts and Finances Report

⁸ Finance Manual 2005 Section 2.2.1

⁹ Finance Manual 2005 Section 2.2.3

Table 24.7: Examples of LPO Signed Exceeding Authorised Limit

Date	Particulars	LPO No	Chq#	Supplier	Amount (\$)
14/12/07	Being payment of 1 Lenovo R 61 Laptops	000029	11838	Datec Fiji Ltd	4,027.00
18/12/07	Being payment of 2 Presario V3412X Core Duo Laptops	000172	011888	Clarity South Pacific	3,798.00
23/04/08	Being payment of 2 Dell D630 Laptops	000145	12455	Office 2000 Ltd	6,744.89
08/08/08	Purchase of Furniture	000437	13330	MH Homemaker	11,199.63

The anomaly noted indicates non compliance with requirements of the Departmental Finance Manual and imply the lack of control mechanism on payments.

Recommendation

Disciplinary action should be taken against the Officer for exceeding his authorised approving limit as required by the Department's Finance Manual 2005.

Department's Comment

We fully realized the standard requirement of procurement of goods and services and the limit awarded to authorize expenditure. However it should also be noted on certain occasions this may not be practical.

In these unforeseen circumstances Mr Inoke could only gain excess to the system if approval was given by FMIS (Finance), to approve LPO s beyond his authorized limit otherwise the system would lock him out. We need to maintain urgent procurement procedures whenever required.

Further OAG Comments

The department failed to produce for audit verification the details of the requests which were sent to Ministry of Finance to allow Mr. Inoke to authorize the LPO beyond his limit.

DEPARTMENT OF CO-OPERATIVE AND SMALL BUSINESSES

24.15 Arrears of Revenue - Consumer Loan Scheme

Debt should be written off after all practical and cost effective efforts have been taken to recover them.¹⁰

The consumer loan scheme was established by the Government in 1973 to fund low interest, short term borrowing by the consumer cooperative to finance their inventories. Initially the scheme had a ceiling of \$100,000 which increased to \$250,000 in 1982. The loan is charged an interest of 1% per annum on the principal sum and 3% on any accumulated arrears.¹¹

The scheme has accumulated arrears totalling \$176,052, of which \$63,271 or 36% constitutes the interest portion. This is detailed in Table 24.8 below.

¹⁰ Finance Instruction 49

¹¹ Department of Cooperatives Circular 7.333 of 16/7/1992

Table 24.8: Arrears of Revenue

Age of Arrears	Principal Balance \$	Interest \$	Total Owing \$	Percentage Owing %
0 – 2 Years	8,650.00	359.50	9,009.50	5.1
2 – 5 Years	2,645.07	571.75	3,216.82	1.8
Over 5 Years	101,485.92	62,340.21	163,826.13	93.1
Total	112,780.99	63,271.46	176,052.45	100

Efforts made by the Department to recover its debt proved futile as most of these co-operative societies have liquidated and had requested that their debts be written off. This resulted in the rise of arrears of revenue to \$176,053 of which \$163,826 or 93% has remained uncollected for more than five years.

The poor recovery of loans indicates the Department's failure to apply appropriate debt recovery actions against the debtors. Unless affirmative action is taken, the debt will continue to escalate due to interest charges.

Recommendation

The Department should ensure that all debts are pursued in accordance with the guidelines prescribed in the Finance Instructions and the Department Finance Manual, and review its debt recovery and lending procedures.

Management Comments

The department has submitted a list of Co-operatives to the Ministry of Finance for approval to write-off the irrecoverable loans.

The department has also reviewed the loan conditions to ensure that the Co-operatives are able to repay the loans within the stipulated period.

24.16 Delay in Instigating Surcharge Action

A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault¹². The accident report, police report, Solicitor General's advice and the supervisor's recommendation will all be taken into consideration by the surcharging authority before any surcharge is imposed¹³. If a surcharge is imposed, the driver shall be informed in writing. The Solicitor General shall also be notified of the surcharge action¹⁴.

The Department's vehicle [GM332] based in Labasa was involved in an accident on 30/5/01 with a private vehicle registration CL 974. The driver of the private vehicle CL974 was changing a punctured tyre when the government vehicle GM 332 driven by Assistant Cooperative Officer Mr. Ramesh Chand and travelling from the opposite direction veered onto the side where the owner of vehicle CL 974 was changing its tyre.

As result Mr. Gani sustained serious injuries and was hospitalised for 2 weeks. He later filed a civil action against the Cooperative Department and Attorney General's Office claiming damages for

¹² Department of Cooperatives, Finance Manual 2005, section 12.6.7

¹³ Department of Cooperatives, Finance Manual 2005, section 12.6.8

¹⁴ Department of Cooperatives, Finance Manual , section 2005,12.6.9

personal injuries and other consequential losses due to the accident. The case was finalised where judgement was delivered on 25/10/05 in favour of Mr. Abdul Gani and damages totalling \$87,530.69 was awarded to him.

Damages was paid to Mr. Abdul Gani by the Ministry of Finance and charged to the Department of Cooperatives Inter Department Clearance account.

Audit noted that whilst 8 years has passed since the accident and the damages paid, no surcharge action was taken against the driver of the Government vehicle who is still employed at the Department of Co-operatives.

Recommendation

The Department should request the Solicitor General to provide appropriate advice for action to be taken against the driver considering the court decision in 2005 and the losses incurred by government for paying damages.

Management comments

The Ministry of Finance is handling the case and they had corresponded with the Solicitor General's office on several occasions (copies of their correspondences attached). Nothing is forthcoming from Solicitor General and subsequently, Ministry of Finance is not able to advise this Department of the charges to be imposed on the officer

Appendix 24.1 – Statement of Output Costs**Policy and Administration**

	2008 (\$)	2007 (\$)
EXPENDITURE		
Operating Costs		
Established staff	425,475	449,234
Government Wage Earners	68,867	97,467
Travel and communications	50,419	59,668
Maintenance & operations	92,347	101,490
Purchase of goods and services	19,867	11,590
Operating grants and transfers	4,239,626	4,203,752
Total Operating Costs	4,896,601	4,923,,201
Capital Expenditure		
Purchases	0	0
Grants and Transfers	444,568	320,015
Total Capital Expenditure	444,568	320,015
Value Added Tax	27,531	90,836
TOTAL EXPENDITURE	5,368,700	5,334,052

Economic Analysis Unit

	2008 (\$)	2007 (\$)
EXPENDITURE		
Operating Costs		
Established staff	289,631	311,009
Unestablished staff	51,268	51,842
Travel and communications	10,123	10,271
Maintenance & operations	18,448	18,340
Purchase of goods and services	4,041	2,721
Operating grants and transfers	0	0
Special expenditures	1,101,716	3,021,057
Total Operating Costs	1,475,227	3,415,240
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	131,901	416,761

	2008 (\$)	2007 (\$)
TOTAL EXPENDITURE	1,607,128	3,832,001

Department of Fair Trading

	2008 (\$)	2007 (\$)
EXPENDITURE		
Operating Costs		
Established staff	441,862	499,644
Unestablished staff	45,549	49,505
Travel and communications	32,294	26,939
Maintenance & operations	95,464	96,029
Purchase of goods and services	795	1,343
Operating grants and transfers	0	0
Special expenditures	210,832	135,452
Total Operating Costs	826,796	808,912
Capital Expenditure		
Construction	0	0
Purchases	0	152,095
Grants and Transfers	0	0
Total Capital Expenditure	0	152,095
Value Added Tax	57,527	113,541
TOTAL EXPENDITURE	884,323	1,074,548

Department of Cooperatives and Small Business

	2008 (\$)	2007 (\$)
EXPENDITURE		
Operating Costs		
Established staff	1,341,822	1,479,788
Unestablished staff	85,416	89,202
Travel and communications	80,869	66,072
Maintenance & operations	89,876	78,966
Purchase of goods and services	23,192	18,754
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	1,621,175	1,732,782
Capital Expenditure		
Construction	0	0
Purchases	0	20,467

	2008 (\$)	2007 (\$)
Grants and Transfers	0	0
Total Capital Expenditure	0	20,467
Value Added Tax	25,789	217,098
TOTAL EXPENDITURE	1,646,964	1,970,347

Department of Communication

	2008 (\$)	2007 (\$)
EXPENDITURE		
Operating Costs		
Established staff	282,314	266,800
Unestablished staff	9,698	9,629
Travel and communications	25,619	23,663
Maintenance & operations	26,813	17,338
Purchase of goods and services	8,420	10,318
Operating grants and transfers	160,726	141,403
Special expenditures	86,781	100,517
Total Operating Costs	600,371	569,668
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	200,000	500,000
Total Capital Expenditure	200,000	500,000
Value Added Tax	23,505	52,913
TOTAL EXPENDITURE	823,876	1,122,581

Department of Tourism

	2008 (\$)	2007 (\$)
EXPENDITURE		
Operating Costs		
Established staff	590,776	539,983
Unestablished staff	58,331	42,970
Travel and communications	25,886	31,534
Maintenance & operations	40,083	45,940
Purchase of goods and services	25,895	23,251
Operating grants and transfers	2,199,373	1,886,014
Special expenditures	259,849	514,002

	2008 (\$)	2007 (\$)
Total Operating Costs	3,200,193	3,083,694
Capital Expenditure		
Purchases	0	0
Grants and Transfers	12,434,988	10,173,393
Total Capital Expenditure	12,434,988	10,173,393
Value Added Tax	16,947	136,988
TOTAL EXPENDITURE	15,652,128	13,394,075

Section 25 Ministry of Works and Transport

Role and Responsibilities

The Ministry of Works and Transport comprises of the following Departments:

- Transport Planning Unit
- Government Shipping Services
- Meteorological Service
- Fiji Islands Maritime Safety Administration;
- Public Works Department – Common Services; and
- Department of National Roads.

The purpose of the Ministry is to provide policy, planning, coordination, design, construction, operation, maintenance and management of programmes or activities related to public buildings, mechanical and electrical services, roads, bridges, and jetties. Also, the Ministry is responsible for any policy and administrative support services to Government, Transport Statutory Authorities, the Private Sector and public at large. This will enable the enhancement and facilitation of an efficient and sustainable transportation system and Meteorological Services within the country.

Table of Contents

FINANCIAL STATEMENTS	2
25.1 Audit Opinion.....	2
25.2 Statement of Receipts and Expenditures.....	3
25.3 Statement of Output Costs.....	4
25.4 Appropriation Statement	4
25.5 Statement of Losses	5
25.6 Trade and Manufacturing Account.....	5
25.7 Trust Account Statement of Receipts and Payments	7
AUDIT FINDINGS	7
25.8 Incomplete Financial Statements.....	7
25.9 Statement of Output Cost	8
25.10 Expenditures of Other Agencies Inflated the Ministry's Spending	8
25.11 Figures in Financial Statements could not be Validated	9
AUDIT FINDINGS – GOVERNMENT SHIPPING SERVICES.....	10
25.12 No Credit Note/Refund for Drum Deposits	10
25.13 Non Utilization of Capital Funds.....	11
AUDIT FINDINGS – DEPARTMENT OF METEOROLOGICAL SERVICES	12
25.14 Overdrawn Trust Fund Account	12
25.15 Unauthorised input into Salary Input form by Clerical Officers	12
AUDIT FINDINGS – DEPARTMENT OF WORKS.....	15
HEADQUARTERS	15
25.16 RFA Miscellaneous	15
25.17 Overdrawn Trust Accounts	15
25.18 Variance in Drawings Account Balance	16

25.19	Stale Cheques.....	17
25.20	Overpayment of Salary	18
25.21	Fraud Conference Funded From Trade and Manufacturing Account.....	19
25.22	Variation in Contract and Tender Board Approved Price.....	20
DIVISIONAL ENGINEER CENTRAL EASTERN		21
25.23	Motor Vehicle Accident	21
25.24	Losses on Overall TMA.....	22
25.25	Plant Hire	23
25.26	Replaceable Government Vehicle	23
25.27	Operating and Maintenance Costs Incurred on “Idle” Plants and Vehicles	24
25.28	Government Vehicle and Plants Generating Losses	26
AUDIT FINDINGS – DEPARTMENT OF ROADS		27
HEADQUARTERS		27
25.29	Tenders Not Called For Supply of Goods and Services	27
25.30	Procurement Anomalies.....	28
25.31	Excessive Meal Claims	28
25.32	Reimbursement of Taxes Paid By Consultants	30
DIVISIONAL ENGINEER CENTRAL/EASTERN		31
25.33	Overcharging of Unit Price by Suppliers	31
25.34	Stores Inventory Register	33
DIVISIONAL ENGINEER NORTHERN.....		34
25.35	Splitting of Local Purchase Orders	34
25.36	Purchase orders prepared after goods/services were obtained	35
25.37	Payment for Hire of Unregistered Vehicles.....	36
Appendix 25.1: Statement of Output Costs.....		38
Appendix 25.2: Misposting of RFA Miscellaneous by Department of Works.....		56
Appendix 25.3: Examples of split Purchase Orders		56

FINANCIAL STATEMENTS

25.1 Audit Opinion

The audit of the 2008 accounts of the Ministry of Works and Transport resulted in the issue of a qualified audit report.

The qualifications are as follows.

- 1 The Ministry submitted twenty six Statements of Output Costs instead of twenty as required under the Budget Estimate 2008. Furthermore, 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.

- 2 The Ministry did not submit a Consolidated Statement of Losses contrary to the requirement of Finance Instructions 82(1).
- 3 Trading and Manufacturing Account *Accumulated Surplus* of \$4,591,193 and *Surplus* of \$909,265 reflected in the Balance Sheet could not be substantiated as supporting documents could not be provided for audit.
- 4 The Trust Account Statement of Receipts and Payments did not include trust account balance of \$78,556 belonging to the Department of Meteorological Services.
- 5 The amount of \$802,132 stated as Other Deductions in the Trust Account Statement of Receipts and Payments could not be substantiated as supporting documents could not be provided.
- 6 The Ministry's total expenditure includes \$24,483 for the Department of Civil Aviation and \$87,768 for the Department of Water and Sewerage. Its revenue also includes \$8,489 belonging to the Department of Water. Under the 2008 revised budget estimate, the Department of Civil Aviation has been transferred to the Ministry of Foreign Affairs whilst the Department of Water and Sewerage transferred to the Department of Public Utilities and Energy.

25.2 Statement of Receipts and Expenditures

The Ministry collected revenue totalling \$3,317,854 and incurred total expenditures of \$133,390,686 in 2008. Details are shown in Table 25.1 below.

TABLE 25.1: STATEMENT OF RECEIPTS AND PAYMENTS

Description	2008 \$	2007 \$
RECEIPTS		
Miscellaneous Fees and Receipts	805	44
Light Due Port	433,760	394,060
Fess Air Licensing	0	8,663
Management Fee	0	1,900
Licensing Coasting	8,511	6,338
Water Charges	(3,666)	12,024
Court Fines	130	0
Admin Fines and Forfeitures	6,259	2,767
Rental for Land	3	249
Rental for Official Quarters	585	260
Commission	49,878	77,031
Survey Fess	301,212	260,285
Cartage of Freight	182,450	146,503
Miscellaneous revenue	1,281,822	252,391
Reimbursement Met Services	961,485	1,411,294
Refund Training	0	8,989
OPR Previous Years	25,930	50,705
Income Tax	0	627
VAT	68,690	64,600
TOTAL REVENUE	3,317,854	2,698,730
EXPENDITURE		
Operating		

Description	2008 \$	2007 \$
Established Staff	12,135,477	13,894,905
Government Wage Earners	19,107,025	19,189,253
Travel & Communications	825,980	673,075
Maintenance & Operations	7,076,937	8,255,929
Purchase of Goods & Services	7,782,073	7,696,173
Operating Grants & Transfers	11,944,653	3,708,636
Special Expenditure	51,592	532,674
Total Operating Expenditure	58,923,737	53,950,645
Capital		
Capital Construction	60,261,193	43,955,939
Capital Purchase	3,970,022	1,177,299
Capital Grants & Transfers	0	4,344,357
Total Capital Expenditure	64,231,215	49,477,595
Value Added Tax	10,235,734	11,000,995
TOTAL EXPENDITURE	133,390,686	114,429,235

Revenue increased by \$619,124 or 22.9% due to increase in miscellaneous revenue by 407.9%. This includes: commission charges from salaries and wages, on cost charges for soil testing, non-refundable tender document fee, stale cheques, telephone recovery from staffs; and power supply charges received from consumers who are receiving power supply from Government Depots including Taveuni, Nabouwalu, Kadavu and Lakeba.

Expenditures increased by \$18,961,451 due to increase in Operating Expenditure by \$4,973,092 and Capital Expenditure by \$14,753,620. VAT expenditures declined by \$765,261 or 7% as it is no longer charged on Salaries and Wages.

25.3 Statement of Output Costs

The Ministry consolidated its expenditures into 26 Statement of Output Costs. These are detailed in *Appendix 25.1*.

25.4 Appropriation Statement

The Ministry of Works and Transport incurred expenditures totalling \$133,390,686 in 2008 against the revised budget of \$141,921,500 resulting in a savings of \$8,530,814 or 6%. Details of expenditures against the budget estimates are provided in Table 25.2 below.

TABLE 25.2: APPROPRIATION STATEMENT

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	14,963,700	(24,920)	14,938,780	12,135,477	0	2,803,303
2	Unestablished Staff	20,979,100	(37,606)	20,941,494	19,107,025	0	1,834,469
3	Travel & Communication	999,600	11,170	1,010,770	825,980	0	184,790
4	Maintenance & Operations	7,853,500	54,805	7,908,305	7,076,937	0	831,368
5	Purchase of Goods & Services	7,843,600	(7,387)	7,836,213	7,782,073	0	54,140
6	Operating Grants & Transfers	12,138,300	(26,300)	12,112,000	11,944,653	0	167,347

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
7	Special Expenditures	394,000	(340,718)	53,282	51,592	0	1,690
	Total Operating Costs	65,171,800	(370,956)	64,800,844	58,923,737	0	5,877,107
	Capital Expenditure						
8	Construction	60,205,000	1,943,553	62,148,553	60,261,193	0	1,887,360
9	Purchases	3,302,000	1,243,403	4,545,403	3,970,022	0	575,381
10	Grants & Transfers	0	0	0	0	0	0
	Total Capital Expenditure	63,507,000	3,186,956	66,693,956	64,231,215	0	2,462,741
13	Value Added Tax	10,074,700	352,000	10,426,700	10,235,734	0	190,966
	TOTAL EXPENDITURE	138,753,500	3,168,000	141,921,500	133,390,686	0	8,530,814

25.5 Statement of Losses

The Ministry did not submit a Consolidated Statement of Losses during the financial year ending 31/12/08.

25.6 Trade and Manufacturing Account

Manufacturing Account for the Year Ended 31 December 2008

Manufacturing Account	2008 \$	2007 \$
Raw materials (01/01/08)	241,022	911,467
Add: Purchases	9,646,897	7,244,771
	9,887,919	8,156,238
Less: Raw Materials (31/12/08)	492,787	241,022
Raw Materials Used	9,395,132	7,915,216
Direct Labour	7,246,380	2,494,173
Work in Progress (01/01/08)	42,137	168,453
	16,683,649	10,577,842
Less: Work in Progress (31/12/08)	216,842	42,137
Cost of Goods Manufactured transferred to Trading Account	16,466,807	10,535,705

Trading Account for the Year Ended 31 December 2008

Trading Account	2008 \$	2007 \$
Sales	20,012,209	15,519,441
Finished Goods (01/01/08)	277,351	87,598
Add: Cost of Manufactured Goods	16,466,807	10,535,705

Trading Account	2008 \$	2007 \$
	16,744,158	10,623,303
Less: Finished Goods (31/12/08)	293,388	277,351
Cost of Goods Sold	16,450,770	10,345,952
Gross Profit transferred to P & L	3,561,439	5,173,489

Profit & Loss Statement for the Year Ended 31 December 2008

	2008 \$	2007 \$
<u>Income</u>		
Gross Profit transferred from Trading A/C	3,561,439	5,173,489
VAT on Sales	1,978,441	728,446
Total Income	5,539,880	5,901,935
<u>Expenses</u>		
Travel Domestic	67,392	62,732
Travel Overseas	1,036	0
Subsistence	680,902	9,273
Telecommunications	33,431	31,265
Fuel & Oil	626,977	462,574
Office Upkeep and Supplies	410,402	97,383
Repairs & Maintenance	4,006,455	2,678,681
Power Supplies	83,042	54,051
Water and Sewerage	635	0
Lease and Rent Payments	655,924	546,392
Overheads	177,350	8,271
Fixed Asset Replacement	502	4,762
Training expenses	8,287	27,685
Books, Periodicals and Publication	0	1,853
Protection, Prevention	10,511	22,013
Setup Costs	47	0
Special Fees & Charges	133	472
Rental for Land	2,210	0
Plant Hire	81,860	74,088
VAT	1,581,642	652,955
Total Expenses	8,428,738	4,734,450
Net Loss	(2,888,858)	1,167,485

TMA Balance Sheet for the year ended 31 December 2008

	2008 \$	2007 \$
Equity		
TMA Accumulated Surplus	4,591,193	8,244,237
TMA Surplus	909,265	(2,450,734)
Total Equity	5,500,458	5,793,503
Assets		
Cash at Bank	3,619,753	1,520,031
Accounts Receivable	877,688	3,712,963
Inventory	1,003,017	560,509
Total Assets	5,500,458	5,793,503

25.7 Trust Account Statement of Receipts and Payments

Operating Trust Fund Account	2008 \$
OPENING BALANCE	13,416,339
Receipts	
Tender Deposits	772,111
Revenue Retention	2,167,257
Other Deductions	802,132
Total Receipts	3,741,500
Payments	
Refund for Unsuccessful Tenders	1,061,023
Revenue Retention	1,698,546
Total Payments	2,759,569
CLOSING BALANCE	14,398,270

AUDIT FINDINGS**25.8 Incomplete Financial Statements**

Each agency must include the following statements in its annual financial statements¹ -

- (a) a statement of receipts and expenditure;
- (b) statements of output costs;
- (c) a profit and loss statement for each trading and manufacturing activity (where applicable);

¹ Finance Instructions 82(1)

- (d) an appropriation statement;
- (e) a statement of assets and liabilities;
- (f) notes to the statement of assets and liabilities;
- (g) a statement of losses;
- (h) a trust account statement of receipts and payments (where applicable).

The Ministry had failed to submit a consolidated statement of losses despite the requirements of the Finance Instructions. Further, the statement of receipts and payments for the Trust Account provided by the Ministry did not include the receipts and payments of (\$78,556) for the Department of Meteorological Services. Thus the trust account's statement of receipts and payments is overstated and therefore misleading.

Recommendation

The Ministry should provide full disclosures of the financial statements as required in the Finance Instructions.

Ministry's Comments

25.9 Statement of Output Cost

The revised budget estimate prescribes twenty targeted outputs for the Ministry of Works and Transport that is linked to its roles and responsibilities.

The Ministry has grouped its expenditure into twenty six Statements of Output Costs instead of twenty as required. Furthermore, 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. Therefore it was not possible to determine the accuracy of the expenditures incurred by the Ministry under each output.

By not assigning costs to the prescribed outputs, the Ministry is not in a position to establish whether these outputs had been achieved or not.

Recommendation

The Ministry together with the Ministry of Finance should ensure that expenditures are grouped as specified in the budget estimates.

Ministry's Comments

25.10 Expenditures of Other Agencies Inflated the Ministry's Spending

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 proper authorisation of the Ministry of Finance, pending approval by Parliament.²

² Finance Instructions s 8

The Ministry's statement of income and expenditure had incorporated total expenses and revenue of \$112,251 and \$8,489 respectively which belong to the Department of Civil Aviation under the Ministry of Foreign Affairs and Department of Water and Sewerage under the Ministry of Public Utilities. Details are shown in Table 25.3 below:

TABLE 25.3: EXPENDITURES OF OTHER AGENCIES INFLATED THE MINISTRY'S SPENDING

Allocation	Expenditure \$	Revenue \$	Remarks
40-1-2	24,483		Salaries and wages for established and government wage earners for the Department of Civil Aviation.
40-7	87,768	8,489	Expenses incurred and revenue earned for the Department of Water and Sewerage.
Total	112,251	8,489	

The Department of Civil Aviation was transferred to the Ministry of Foreign Affairs under the 2008 revised budget, and Department of Water and Sewerage to the Ministry of Public Utilities and Energy.

The inclusion of the above charges under the Ministry of Works and Transport's allocation has overstated the Ministry's total expenditure and revenue by \$112,251 and \$8,489 respectively.

Recommendation

The Ministry should ensure that only expenses incurred and revenue earned are reflected in its Agency Financial Statement, and consult the Ministry of Finance to rectify the error.

Ministry's Comments

25.11 Figures in Financial Statements could not be Validated

Some of the figures reflected in the financial statements could not be substantiated because relevant supporting documents could not be provided. These include:

- i. The Trust Account Statement of Receipts and Payments reflecting \$802,132 as Other Deductions, and
- ii. The Trading and Manufacturing Account reflecting \$909,265 and \$4,591,193 as surplus and accumulated surplus respectively in the Balance Sheet.

The absence of relevant supporting documents questions the accuracy of these figures and highlights the possibility of mismanagement and misappropriation of the trading account.

Recommendation

The Ministry must ensure the accuracy of figures reflected in its TMA account.

Ministry's Comments

AUDIT FINDINGS – GOVERNMENT SHIPPING SERVICES

25.12 No Credit Note/Refund for Drum Deposits

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.³

The Department purchase fuel for Government vessels from Total Fiji Limited which is supplied in drums for which it pays a refundable deposit of \$50 per drum. The audit noted that the drums were not returned and that deposits paid were not claimed by the department. Refer to Table 25.4 below for details.

In addition, the purchases were made without any credit note received for the drums from TOTAL. The credit notes would then be given back to TOTAL Fiji Limited together with the drums so that a refund could be made.

TABLE 25.4: A SAMPLE OF DRUMS DEPOSIT WITHOUT REFUNDS/CREDIT NOTES

Date	Cheque No	Payee	Qty	Drum Deposit (\$)
03/07/08	016540	Total Fiji Limited	35	1,750
11/03/08	015119	Total Fiji Limited	30	1,500
26/03/08	015309	Total Fiji Limited	25	1,250
22/04/08	015712	Total Fiji Limited	25	1,250
19/09/08	017504	Total Fiji Limited	30	1,500
TOTAL			145	7,250

This issue was reported in the previous audit report however nothing has been done to date to recover the drum deposits. The department's failure to obtain and keep proper records together with inadequate follow up is costing the taxpayers thousands of dollars annually.

Recommendations

- **The Department should ensure that refund due to Government from Total Fiji Limited are being followed up and also ensure that empty drums are stored in secured place.**
- **Disciplinary action should be instigated against the officer responsible.**

Department's Comments

The issue of Drum Deposit and Credit Note was brought to the Director's attention in 2006. In 2007, a follow up inspection was carried out by MoF. Control measures were implemented by the Director GSS and all Engineers on vessels were advised of the strict processing and handling procedures and accountability of drums on board their respective vessels including the Fuel Storeman on shore for drums in the GSS storage area. We have now implemented a clearer process with a checklist in place to ensure all drums are accounted for and credit notes tally with drums supplied. In the meantime, we will investigate the outstanding drum deposits as per your report. In addition, the Fuel Storeman has been advised to forward all drum return slips (Pick Up dockets) to Accounts section for facilitating credit notes and the Department will follow up with TOTAL Fiji Ltd on refunds for all empty drums returned to them.

³ Finance Instruction 18

25.13 Non Utilization of Capital Funds

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Parliament approves for spending by each agency.⁴

The 2008 allocation for Capital Purchase included installation of mooring buoys (\$150,000) whilst Capital Construction included upgrading of shipping vessels (\$243,553) and upgrading and maintenance of lighthouses (\$200,000)

Despite the allocation of funds, the Department's Capital Purchase and Construction were not utilised, resulting in savings of 58% for capital constructions and 99% for capital purchase. Details of unutilised funds are shown in Table 25.5 below.

TABLE 25.5: CAPITAL FUNDS NOT FULLY UTILISED

SEG	Description	Budget \$	Actual \$	Variance \$	Variance %
8	Capital Construction	500,000	187,375.70	256,177.30	58
9	Capital Purchase	150,000	222.22	149,777.78	99

Further discussion with the Senior Accountant of the Ministry noted that the Department did not prepare a work program for its capital funds to which the Accounts section declined to release the funds. In some instances, though funds were released upon receipt of the work program, capital work were not executed, thus funds remained unutilised.

Similar saving was noted in the Department's Expenditure progress report as at December 2007.

Such findings indicate that the Department were not fully utilising the resources allocated to it and also could impede the services it provides.

Recommendation

The Department must ensure that funds allocated for capital works are utilized in order for the Department to be able to facilitate sea transportation.

Department's Comments

The non utilization of Capital Funds is due to the difficulty in engaging the full attention of all stakeholders from preparatory stages through to the approval stages and inspections of the project sites. To ensure GSS complete all Capital Projects, it is strongly recommended that a clearer process is implemented to ensure all stakeholders take their role seriously and provide the relevant service so projects can be carried out and completed within the prescribed timeframe. All projects must have the relevant Minister as the Project owner so that any hindrance to the flow of work on a project may be addressed at that level.

⁴ Finance Instructions 2005, s.8

AUDIT FINDINGS – DEPARTMENT OF METEOROLOGICAL SERVICES**25.14 Overdrawn Trust Fund Account**

Trust Fund Accounts comprise monies, which are not the property of the state and are not utilized for the purpose of government.⁵ Within 5 days after the end of each month, the Assistant Accounts Officer (AAO) shall prepare a trust reconciliation to reconcile trust accounts balances to the ledger total and the trust bank account. Details of balances must be attached to the reconciliation statement. The AAO shall certify and date the reconciliation statement after ensuring that all balances are verified to supporting documents.⁶

By the nature of Operating Trust Account it should always have a credit end of month balance. However audit verifications noted that the trust fund recorded a debit balance of \$78,556 as at 31/12/08. This indicated that the department had overdrawn its Trust fund.

Recommendation

The department should regularly reconcile its Trust Account with the Ministry of Finance records to correct the negative balance.

Department's Comments**25.15 Unauthorised input into Salary Input form by Clerical Officers**

An employee must behave honestly and with integrity in the course of employment in the public service. An employee must act with care and diligence in the course of employment in the public service. An employee, when acting in the course of employment in the public service, must treat everyone with respect and courtesy, and without coercion or harassment of any kind.⁷

An employee must at all times behave in a way that upholds the Public Service Values and the integrity and good reputation of the public service.⁸ A breach of the Public Service Code of Conduct by an employee is a ground for disciplinary action under the regulation.⁹

The Accounts Officer Ms. Alekula Vosawale was granted study leave from 08/02/03 to 28/11/06 and during her absence, the clerical officer Mrs Talaite Ratucadra was appointed Acting Accounts Officer to supervise clerical officer Veresi Yacalevu during this period.

The following irregularities were noted:

Date	Control Weaknesses	Officers
Sept 2008	The Officer intentionally fed in \$590.80 into the system as his salary arrears on pay 18/2008. The error was detected by the Accounts Officer on the salary edit report after which the error was rectified. The clerical officer fed the system using input form FS04 Input No 212362	Veresi Yacalevu (EDP No. 53453)/ Clerical Officer

⁵ Finance Instruction 194

⁶ Finance Manual 2005 16.17.1 – 16.7.3

⁷ PSC Code of Conduct 1-3

⁸ PSC Code of Conduct 12

⁹ Section 7, Public Service Act 1999

Date	Control Weaknesses	Officers
	<p>on 01/09/08 to Ministry of Finance. Audit noted that the copy of this input form was not maintained by the Department.</p> <p>The Officer admitted to this deceitful act with the reason of facing financial difficulties as a result of his vehicle being repossessed by the bank. The Officer had been temporarily posted to Admin Section on 22/09/2008.</p>	
15/11/07	<p>The department's timesheet and batch status report for the period 19/11/07 – 02/12/07 and 5/11/07 to 18/11/07 had the same batch number 45070 for Pay 23/2007 when in fact they should have separate batch numbers.</p> <p>Moreover the Ministry of Finance Batch Status report for week ending 5/11/07 to 18/11/07 input which consisted two payments of \$1,568.99 & \$1,019.68 to Veresi Yacalevu (EDP No. 53453) & Talaite Ratucadra (EDP No. 41370) respectively were not logged into the Department's Batch Register which could have resulted in a different batch being quoted. Audit could not establish whether there was any advice from the Department to make such payments.</p> <p>Furthermore, the salary reconciliation for this pay was prepared by Mr Veresi Yacalevu and checked by Ms Talaite Ratucadra which clearly show the lack of internal controls.</p>	Veresi Yacalevu (EDP No. 53453)/ Clerical Officer And Talaite Ratucadra (EDP No. 41370)/ Clerical Officer
26/08/06	<p>Amounts of \$1,547.78, \$1,005.70 & \$1,214.60 were paid out as arrears of taxable allowances to these officers with no advice from the Director.</p> <p>It was noted that the Department batch register recorded that batch 45045 showed payments were made to Officers whose EDP No ranged from 12195 – 48484.</p> <p>However, the Ministry of Finance Batch Status report for the week ending 13/8/06 – 26/08/06 recorded that the 3 said officers were paid namely Veresi Yacalevu (EDP No. 53453); Talaite Ratucadra (EDP No. 41370) and Amori V Nabainivalu (EDP No. 59132). In addition, the manual batch reports have been logged incorrectly as the EDP numbers of these officers were not within the range of 12195 – 48484.</p>	Veresi Yacalevu (EDP No. 53453)/ Clerical Officer, Talaite Ratucadra (EDP No. 41370)/ Clerical Officer and Amori V Nabainivalu (EDP No. 59132)/ Senior Technical Assistant

Mr Veresi Yacalevu on previous occasions had faced disciplinary measures from the Ministry of Finance. The Officer was surcharged \$45 for the loss of money through fraudulent conversion of cheques on 03/10/06. On 03/02/04, he was surcharged \$1,014 for being negligent in not receipting \$1,000 cash and also for not locking cash in the pay office safe.

The possibility of collusion amongst employees of the department cannot be ruled out as the lack of supervision is prevalent which had resulted in the manipulation of financial records for the officer's gain. These acts signify the vulnerability and susceptibility of government officials to abuse of office and it is quite rationale to assume that these breaches may have been practiced undetected in the past.

Recommendations

- **The Department should carry out an independent investigation to determine whether there were deliberate attempts to defraud the Department, and if so needs to be reported to Police.**

- **Surcharge action and appropriate disciplinary action should be taken against the responsible officers, and that close supervision and control measures for salary records are put in place.**

Department's Comments

September 2008

The officer has been suspended from work without salary with effect from 09.04.09.

15 November 2007

Veresi Yacalevu

There was neither authority nor any source document to warrant the payment of \$1568.99 of arrears of taxable allowance to the officer, thus seemed to be a deliberate payment by the officer himself.

Talaite Ratucadra

There was no authority on file nor any source document to justify the payment of allowances of \$1019.69 however the only source document located on file was TCA memo 2/3/7 of 16.10.07 – Authority to deduct three and a half hours (\$25.94) as late arrival for the month of July 2007. On the same memo was a comment by the salaries clerk of a wrong payment of \$1019.68 paid in Pay 23/07. The control measure in place is that the Assistant Accounts Officer prepares all reconciliation statements and checked and verified by the Accounts Officer before submission to Ministry of Finance.

Due to the workload in the Accounts Section, the salaries clerk has been assisting by preparing the salaries reconciliations and verified by the Accounts Officer. Reconciliation statement for Pay 23/07 was prepared by the salaries clerk (V Yacalevu) and verified by the Acting Assistant Accounts Officer (T Ratucadra) as the Accounts Officer was away on annual leave during this period.

26 August 2006

Veresi Yacalevu

Approval for acting as Assistant Accounts Officer in respect of the officer (TCA memo 23/6/2 of 26.07.06) was received by fax on the same day. FS01 form 361607 was then raised for Pay 16/06 – pay date 10.08.06 to effect payment of acting allowance. The acting period approved was from 16.07.06 to 16.10.06. The officer had been receiving his normal acting allowance thus the payment of arrears on 24.08.06 (Pay 17/06) was not supposed to be made as there were no source documents to warrant the payment.

Mrs. Talaite Ratucadra

Approval for acting as Accounts Officer (TCA memo 23/6/2 of 26.07.06) was received by fax on the same day for period 17.07.06 to 16.10.06. FS01 form 361605 was then raised for Pay 16/06 – pay date 10.08.06 to effect payment of acting allowance. The officer had been receiving her normal acting allowance thus the payment of arrears on 24.08.06 (Pay 17/06) of \$1005.70 was not supposed to be made as there was no source document to warrant the payment.

Amori Nabainivalu

The officer was also acting and was paid normal acting allowances thus there was no source document to warrant the payment.

Further, an independent Investigation has been carried out by the Ministry's Investigation team. This has led to the suspension of the salaries clerk and the Acting Assistant Accounts Officer with effect from 09 April 2009 pending charges to be laid. Internal controls on salary payment has been strengthened by strictly ensuring that the Assistant Accounts Officer prepares the salaries reconciliation statement and verified by the Accounts Officer.

AUDIT FINDINGS – DEPARTMENT OF WORKS**HEADQUARTERS****25.16 RFA Miscellaneous**

The Department's RFA miscellaneous balance of \$33,898,358.05 constitutes the following:

TABLE 25.6: DETAILS OF RFA MISCELLANEOUS

Account No.	Account Name	Amount (\$)
14050193011560101	AR Govt Dept & Agency	3,000.00
14050195991560101	AR Govt Dept & Agency	30.00
14050183999560103	AR Individuals	(36,682.26)
14050183999560303	Employee Advances	1,500.00
14050195991567422	Debtor Health	454.35
14050195991567432	Debtor Fisheries	412.04
14050195214567465	Debtor Govt	33,703,171.79
14050195991567483	Debtor Work	224,009.23
14050196991567483	Debtor Work	1,963.09
14050195991567484	Debtor National	217.75
14050183999569905	Work Services	282.06
Total		33,898,358.05

The Department's reconciliation balance of \$33,898,358.05 differed with that of the FMIS which recorded a balance of \$33,790,825.44. A difference of \$107,532.61 is noted between the two records. This was the result of a misposting by the Department in 2007; the details of which is attached as *Appendix 25.2* to this report.

Recommendation

The Department should undertake regular reconciliations with the Ministry of Finance and any variance noted should be rectified.

Department's Comments**25.17 Overdrawn Trust Accounts**

Trust Fund Accounts comprise monies, which are not the property of the State and are not utilized for the purposes of government.¹⁰

The Consolidated Trust Fund consists of tender deposits for tenders of provision of services by prospective suppliers and retention money deducted from contractors for the progressive payments made to them.

¹⁰ Finance Instructions 194

Other Operating Trust Fund Account consists of FNPF contributions, Tax Arrears/PAYE, Fines, Government Water Rates Charges and other credit union savings.

The Department recorded a balance of \$2,438,725.83 as at 31/12/08 of which \$67,180.25 had been overdrawn. Refer Table 25.7 below for details.

TABLE 25.7: DETAILS OF TRUST FUND ACCOUNT

Description	2008 \$
Tender Deposit	(1,860,464.17)
Retention Money	(468,930.25)
Revenue Accounts (OPR, Rent, water rates)	46,944.82
Insurance	18,763.22
Loans & Advances	404.25
Union	(8,434.01)
Maintenance	1,067.96
Rates	(72.03)
Others(PAYE, FNPF, Fines, sports & social)	(168,005.62)
Total	(2,438,725.83)

The overdrawn amounts were in respect of Revenue, Insurance, Loans and Advances, and Maintenance trust accounts. Overdrawing of trust monies is a result of mispostings and lack of reconciliation of records with the Ministry of Finance.

Recommendation

The Department should manage its trust accounts to ensure that they are not overdrawn, and monthly reconciliations with Ministry of Finance records should be undertaken.

Department's Comments

25.18 Variance in Drawings Account Balance

The Accounting Head shall certify all financial reports that must be submitted to the Ministry of Finance. These reports include monthly drawings reconciliation statements.¹¹ All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.¹²

Audit verifications highlighted differences in the Operating Drawings Account reconciliations between the Department's headquarters together with the Divisional Engineer Northern against records of the Ministry of Finance figures. Refer to Table 25.8 below for details.

TABLE 25.8: VARIANCE IN DRAWINGS ACCOUNT

Division	MOF Figure \$	Department's Figure \$	Variance \$
HQ	2,010,510	2,371,939	361,429
DEN	267,467	431,579	164,112

¹¹ Department Finance Manual 17.3.1- (ii)

¹² Finance Instructions s.39 (5)

Division	MOF Figure \$	Department's Figure \$	Variance \$
Total	2,277,977	2,803,518	525,541

Drawings account reconciliations were not successfully carried out by the Department which were still to be rectified.

Recommendation

The Department should carry out monthly drawings reconciliations, verify balances with the GL system figure and rectify the variances in consultation with the Ministry of Finance.

Department's Comments

25.19 Stale Cheques

The Accounting Head must make all attempts to issue stop notices for all cheques that have remained unrepresented for more than 6 months.¹³

If cheques remain in the unrepresented cheque list for more than 3 months, the Accounting Head must attempt to locate the payees and have their cheques presented before they become stale. The Accounting Head shall review the unrepresented cheque list and determine whether a replacement cheque should be issued for cheques that are stale.¹⁴

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, action should be taken to clear it.¹⁵

The Department recorded a total of \$604,348.24 in stale cheques as at 31/12/08. The amounts and status of these cheques could not be verified as relevant supporting documents were not provided by the department. Refer Table 25.9 below for details.

TABLE 25.9: DETAILS OF STALE CHEQUES

Division	Amount (\$)
DECE	9,297.61
DECE TMA	586,870.67
PEM TMA	4,002.20
DEN TMA	4,177.76
Total	604,348.24

The validity of the substantial amount is questionable and indicates the Department's failure to either make adjustments or issue a replacement cheque.

¹³ Finance Instructions s.40 (1)

¹⁴ Department Finance Manual 7.5.1 & 7.5.2

¹⁵ Finance Instructions s.40 (2)

Recommendation

The Department should rectify stale cheques in its monthly account reconciliation and also explore the possibility of identifying the payee and issue them a replacement cheque.

Department's Comments**25.20 Overpayment of Salary**

If an Officer is absent from duty without leave or for any reason not acceptable to the Commission and has not notified the Commission within seven days of the beginning of such absence of his/her intended date to return to duty and the reason for his/her absence, he/she shall be liable for termination of appointment under the provisions of Regulation 34(2) of the PSC (Constitution) Regulations 1990.¹⁶

The following factors will be considered when calculating the surcharge amount for overpayment of Salaries and wages:¹⁷

Loss	Action	Surcharge
Overpayment of Salaries & Wages	Disregard for procedures in the Finance Instructions.	100% recovery of the total amount paid.
	Lack of adequate internal control or supervision.	50% recovery of total amount paid.

Scrutiny of the salary records revealed that the salary section did not cease the salary payment for numerous officers who either had resigned or terminated from the civil service. As a result, salary overpayments totalling \$14,665.53 were made and yet to be recovered. Refer to Table 25.10 below for details.

TABLE 25.10: DETAILS OF SALARY OVERPAID TO STAFF

Officers Name	EDP No.	Details	Date Pay Terminated	Overpayment \$
Ilisabeta Wainikoula	64234	Absent from work since 10/09/08. PSC approval for deemed resignation on 19/10/08.	29/01/09	\$3,467.08
Marama Raiqima	16694	Absent from work since 19/09/08. PSC approval for deemed resignation on 19/10/08.	29/01/09	\$5,122.96
Prabha Karan	47875	Leave without pay (LWOP) for 4 months from 01/10/07 – 01/02/08. No PSC approval for LWOP, however officer proceeded on leave.	15/01/08	\$1,883.51
Mosese Druavesi	62846	Officer tendered his resignation on 22/09/08. Officer left the civil service for teaching position at FIT on 21/10/08.	02/12/08	\$2,299.38
Sowane Puamau	62993	The officer did not resume duties from December 2008 to mid-February 2009 after the study period in 2008.		\$ 1,892.60
Total				14,665.53

The above anomalies reflect poor communication between the Accounts Section and the responsible officers who deal with staff movements. The Department's failure to cease salary of the above officers

¹⁶ General Order 304 (a) (ii)

¹⁷ Finance Instruction 75

sets unfair precedence and reflects the lax attitude of its officials. Furthermore, substantial amounts would be written off every year when overpayments are not recovered.

Recommendation

The Ministry should implement an efficient and effective way of communication between its divisional offices and headquarters, pursue available recovery mechanisms to reclaim those salary overpayments.

Department's Comments

Measures have now been implemented that would allow for efficient communication between Divisions, HQ Human Resources and Accounts. This includes the Ministry's courier arrangement now with CDP. Mechanisms to recover the overpayments are being pursued however some will have to be written off as recovery is impossible.

25.21 Fraud Conference Funded From Trade and Manufacturing Account

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 Parliament¹⁸.

Approval was granted by the PSC in its letter dated 8/7/08 for an Acting Accounts Officer, Ms. Losalini Saurara (EDP No. 47650) together with her Acting Assistant Accounts Officer Ms. Ana Laqere (EDP No. 53891) to attend fraud training in Boston, USA from 13 – 18/7/08. However, it was noted that TMA fund totalling \$19,735.29 was used to finance the officers' trip.

The use of TMA fund to finance the officers' training shows poor financial decision and management of funds by the Ministry, given the history of continued losses in the TMA during the past years.

Recommendations

- **All expenses relating to training should be paid from training vote.**
- **The Division should ensure that TMA Funds are used for TMA operations only, and**
- **Disciplinary action should be taken against the officer authorising the above payment from TMA account.**

Department's Comments

The cost of the officer's attendance at the Fraud Conference was approved by the Permanent Secretary to be paid from the TMA funds.

Whilst we agree that the training vote would have been the appropriate vote of charge, the Ministry strongly feels that the use of TMA allocation in this particular case was justified as knowledge acquired will contribute greatly to the strengthening and tightening our position in regards to prevention of fraudulent activities within the Ministry's operational activities.

¹⁸ Finance Instructions (2005) s.8

Further OAG comments

Permanent Secretary's approval to use TMA funds could not be provided for audit verification.

25.22 Variation in Contract and Tender Board Approved Price

The Contract Sum shall not be adjusted or altered in any way whatsoever otherwise than in accordance with the express provisions of these Conditions, and subject to clause 12(2) of these Conditions any error whether of arithmetic or not in the computation of the Contract Sum shall be deemed to have been accepted by the parties thereto.¹⁹

The Public Works Tender Board (PWTB) in its meeting on 27 February 2008 awarded the contract for Maintenance of Public Buildings for Mineral Resources Department to Bright International Limited as follows:

- Package 1- a total sum of \$197,143.00 (VIP) being \$179,221.00 contract sum plus 10% contingency sum of \$17,922.00 with retention of 20%
- Package 2 – a total sum of \$183,481.00(VIP) being \$166,801.00 contract sum plus 10% contingency sum of \$16,680.00 with retention of 20%

It was noted that the contract sum which was signed on 25th September 2008 for Package 1 and Package 2 were amended to \$206,104 and \$191,821 respectively without the tender board approval.

Such deliberate action is not warranted and is an indication of abuse of office by the officer authorising the amended contract amount. This could set an adverse precedent to officers within the Ministry in handling future contracts.

Recommendations

- **All tender board approval should be strictly complied with and any deviation from it without proper authority warrants surcharge action.**
- **The officer authorising the above variations should be surcharged as a deterrent for would be offenders.**

Department's Comments

The maintenance of Public Buildings are the responsibility of the Building Section and the group above was nominated for outsourcing as part of the Department goal to outsource 50% of maintenance work traditionally were attended by PWD.

The Tender for the project was called in the month of April 2008 in the form of advertisement published in all the local dailies and closed on Wednesday 28 May, 2008 at 12 noon and was awarded on the 25 September 2008 to Bright International Ltd on a 12 weeks contract period concluding on the 29 December 2008 followed by 3 months Defects Liability Period ending on 29 March 2009.

- (1) *The Evaluation Panel recommendation to the PWTB to award the contract to Bright International Ltd was based on the tender sums as follows:-*

*Package 1 - for a sum of \$175,188.40 VIP
Plus 15% contingency sum of \$30,915.60 VIP.*

¹⁹ Clause 13 Fiji Standard Form of Building Contract 1978

*Package 2 - for a sum of \$163,047.85 VIP
Plus 15% contingency sum of \$28,773.15 VIP.*

- (2) *The PWTB on 15/09/08 approved to award the Tender No. WSC15/08 to Bright International Ltd according to the Tender sums as follows:-*

Package 1 - for a sum of \$179,221.00 VIP plus 10% contingency sum of \$17,922.00 VIP.

Package 2 - for a sum of \$166,801.00 VIP plus 10% contingency sum of \$16,680.00 VIP.

In the signed Contract Agreement for the two packages the contract sums were changed to reflect the sums shown in item 1 as it was observed the approved contract sums in item 2 were higher than the tender sums submitted by Bright International Ltd for the two packages. Although this was verbally brought to the attention of the Sec PWTB for a clarification a response was not received.

Under The Terms and Conditions of the referenced Contract Fiji Standard Form of Building Contract clause 13 "Contract Sum" The Contract sum can only be altered under a variation accepted by the parties to the contract.

DIVISIONAL ENGINEER CENTRAL EASTERN

25.23 Motor Vehicle Accident

The Public Service Code of Conduct which governs the conduct of government employees states that:

- An employee must behave honestly and with integrity in the course of employment in the public service.
- An employee must act with care and diligence in the course of employment in the public service.
- An employee must use Government resources and assets in a proper way.
- An employee must at all times behave in a way that upholds the Public Service Values and the integrity and good reputation of the public service.
- In this section employee includes a wage earner.²⁰

Ilaitia Bakani (HT 612), a driver of the Division damaged government vehicles due to negligence and/or under the influence of liquor. However the Ministry had not taken any disciplinary action against him. Details of accidents are shown in Table 25.11 below.

TABLE 25.11: DETAILS OF MOTOR VEHICLE ACCIDENT

Date of Accident	Motor Vehicle Reg No	Place	Causes	Amount of Damages (\$)
11/07/2002	GL 967	Kanace Road, Valelevu	Driver 's negligence	1,472.60
12/06/2004		Veiwawa, Nakaulevu, Navua	Under the influence of Liquor	Could not be obtained during audit
05/09/07	GN 393		Under the influence of Liquor	

The absence of disciplinary actions will only set precedents for other drivers.

²⁰ Public Service Code of Conduct 1,2,8,12, & 15

Recommendation

Disciplinary action should be taken against the officer.

Department's Comments

As stated in the DAM report there was no form of disciplinary action taken against Mr. Bakani. However, PSW&T memo referenced PWD 13/4/2003 of 09/07/2008, directed that the employee be surcharged for 100% of repair costs totalling \$1472.60. Upon enquiries with Paymaster (CPO), it was determined that the said memo has not been received by them, but confirmed that Mr Bakani is deducting \$20/week for another fine, the balance of which is \$6833.04 to date. There was no written directive to this effect, but the officer responsible stated that the deduction was authorised and automated by Ministry of Finance to the employees FNPF.

The issue of the officer not being disciplined for breaching the sighted clauses in the Public Service Code of Conduct is a decision that would be privy only to past management.

25.24 Losses on Overall TMA

The TMAs were created to facilitate on a semi-commercial basis the provision of goods and services that are needed by other government departments and also to the private sector when possible. However it is required that the TMAs should break even to ensure that all costs incurred in its operations are recouped.²¹

An analysis of the performance of the TMAs for 2008 showed that TMAs have incurred huge losses in its operations. This is reflected in Table 25.12 below:

TABLE 25.12: DETAILS OF LOSSES IN TMA OPERATION

Quarter	Income/Expend.	Fuel & Oil (\$)	Workshop (\$)	Lube Bay (\$)	Plant Hire (\$)	Total (\$)	Profit/(Loss) (\$)
1st	Income	No records could be obtained during audit					
	Expenditure						
2nd	Income	396,261.00	62,496.00	5,240.00	246,009.00	710,006.00	
	Expenditure	472,234.00	219,902.00	107,589.00	1,432.00	801,157.00	(91,151.00)
3rd	Income	1,071,717.00	263,949.00	13,695.00	1,039,009.00	2,388,370.00	
	Expenditure	509,847.00	376,730.00	6,537.00	2,225,253.00	3,118,367.00	(729,997.00)
4th	Income	963,198.97	389,998.00	23,733.30	1,905,506.41	3,282,436.68	
	Expenditure	558,567.50	490,509.00	11,560.50	2,235,132.86	3,295,769.86	(13,333.18)
Total							(834,481.18)

There are many factors that contribute to the poor performance of the TMAs. These, although being highlighted in the 2004, 2005, 2006 and 2007 report and were still prevalent in 2008. The attributes include:

- old age of the current fleet contributes to the increased cost of maintenance and operation,
- hire rates offered is much less when compared to private hired vehicles,
- increase in overheads such as indirect labour, incidental travel and communication, protective clothing, sick leave and holiday pay (unproductive hours) which were not considered when determining selling prices.

²¹ Finance Circular 37 of 26 November 1984.

The non-revision of selling prices to a rate which could either makes profit or breakeven would continue to increase costs, and losses will escalate in all future operations.

Recommendation

The Ministry should carry out a comprehensive review of its TMAs in consultation with Ministry of Finance to ensure that:

- **the operations of the accounts are viable, and that**
- **its selling price is reassessed since the cost of manufacturing has increased dramatically since it was last reviewed in 1998.**

Department's Comments

1. *The submission was made to the Ministry of Finance for the increase in the rates and charges. The hire rates must also include kilometers as our operation cost has increased due to recent increase in fuel/oil and other accessories.*
2. *The submission for the increase in the workshop rates was made.*
3. *The disposal of absolute plants and vehicles which are very expensive and uneconomical to maintain.*
4. *Replacement Policy to be enforced.*

25.25 Plant Hire

Plant Hire – the Plant Pool of the Mechanical section maintains all government vehicles that are hired by the various sections of the Ministry in the Central Eastern Division.

An analysis carried out on the fleet of Plants and vehicles in the Division raises the following concerns:

25.26 Replaceable Government Vehicle

Ministries and Department Vehicle should be replaced after six years or after it has covered 200,000 km, whichever is earlier.²²

Audit noted that Government Vehicle exceeding 200,000km were still in operation. Refer to Table 25.13 below for a few examples.

TABLE 25.13: GOVERNMENT VEHICLE EXCEEDING 200,000 KM

REG NO.	Type of Vehicle	Total Income (\$)	Total Mileage (ACC) (Km) 2008	Operating Cost 2008 (\$)	Cost of Maintenance 2008 (\$)	Profit & (Loss) 2008 (\$)	Purchase Price (\$)	Total Mtce Cost (Acc) 2008 (\$)
GM 222	Mitsu T/ Truck	19,452.58	266537	\$25,142.66	\$3,314.23	(\$9,004.31)	\$94,518.06	52,086.97
GM224	Mitsubishi T/Truck	0.00	233282	553.71	18.00	(571.71)	94,518.06	36,892.00
GK846	Hino Service Truck	0.00	202390	776.08	24.00	(800.08)	106,215.53	53,372.85
GM529	Mazda Twin Cab	0.00	221550	95.68	6.00	(101.68)	Project Veh.	23,185.55
GL518	Nissan Twin Cab	0.00	314407	12.00	18.00	(30.00)	F.M.F. Veh.	15,577.00
GL941	Mazda 626	0.00	220032	146.28	30.00	(176.28)	24,000.00	18,806.01
GK813	Mitsubishi Pajero	0.00	625562	0.00	258.00	(258.00)	19,053.00	37,194.00
GL228	Mitsubishi Pajero	0.00	612188	216.86	12.00	(228.86)	16,985.00	45,836.18

²² Government Vehicle Policy , Cabinet Paper CP (98) 73, section 82 (k)

REG NO.	Type of Vehicle	Total Income (\$)	Total Mileage (ACC) (Km) 2008	Operating Cost 2008 (\$)	Cost of Maintenance 2008 (\$)	Profit & (Loss) 2008 (\$)	Purchase Price (\$)	Total Mtce Cost (Acc) 2008 (\$)
GL497	Mitsubishi Pajero	0.00	258728	189.99	18.00	(207.99)	17,220.00	28,210.76
GL990	Toyota Utility	0.00	406572	0.00	6.00	(6.00)	16,071.91	9,719.00
GK714	Daihatsu T/Cab	0.00	667390	0.00	0.00	0.00	18,687.62	77,654.00
GL303	Isuzu Tip Truck	0.00	515943	0.00	0.00	0.00	48,959.00	44,465.00
GL176	Nissan Tip Truck	0.00	342963	6.00	24.00	(30.00)	58,528.00	93,137.00
TOTAL				6,341.16	1,951.75	(8,292.91)		

The above vehicles had been operating for more than 6 years and should be replaced as required under the Government vehicle policy; otherwise the department will keep incurring significant costs for maintenance. Moreover, some vehicles were incurring huge maintenance and operation cost which had exceeded the initial purchase price of the vehicle.

It is evident from the above that the Division had incurred substantial costs due to failure to adhere to the requirements of government vehicle policy.

Recommendation

The Ministry should draw up a maintenance and replacement policy and prepare an appropriate submission to the Ministry of Finance addressing the state of the Ministry's vehicles and plants.

Department's Comments

- Disposal of all absolute plants and vehicles which are very expensive to maintain and are uneconomical.*
- Replacement Policy to be enforced.*

25.27 Operating and Maintenance Costs Incurred on "Idle" Plants and Vehicles

"Idle" vehicle and plants are those that are not in operation and are not generating any income. Thus for idle vehicles and plants, no other cost should be incurred towards it.

Audit verifications disclose that a few plants and vehicles were still incurring costs such as, oil, fuel, and maintenance despite being idle and not operating. Refer to Table 25.14 and 25.15 below for examples.

TABLE 25.14: IDLE PLANTS INCURRING MAINTENANCE AND OPERATING COSTS

REG NO.	Type of Plant	Total Income \$	Total HRS (ACC) 2008	Operating Cost 2008 (\$)	Cost of Mtce 2008	Profit & (Loss) 2008	Purchase Price	Total Mtce Cost (Acc) 2008
GM 089	Cat D6	0	18490	6.00	\$6.00	(\$12.00)	\$200,000.00	\$296,093.56
GJ 531	Cat D4	0	20108	250.00	\$0	(\$250.00)	\$46,177.00	\$169,120.50
GJ 532	Cat D4	0	12571	0	\$6.00	(\$6.00)	\$46,177.00	\$72,976.00
GK 899	Kotmatsu	0	118098	0	\$6.00	(\$6.00)	\$88,072.00	\$128,436.57
GK 198	Clark Loader	-	-	6.00	\$6.00	(\$12.00)	\$45,845.00	-
GN 030	-	0	2944	241.91	\$6.00	(\$247.91)	-	\$41,714.62
GK 834	Komatsu Excavator	0	15803	-	\$6.00	(\$6.00)	\$64,860.00	\$147,396.67
GM 019	Kato Excavator	0	81548	-	\$6.00	(\$6.00)	\$102,372.00	\$85,844.45
GO 510	TCM Forklift	0	20825	125.46	\$54.00	(\$179.46)	\$80,000.00	\$65,493.48
GK 739	Bomag Roller	0	9242	-	\$6.00	(\$6.00)	\$102,304.00	\$34,778.00
GL 603	Ingersol Rand Roller	0	15186	1,392.00	\$12.00	(\$1,404.00)	\$84,912.00	\$92,912.00

REG NO.	Type of Plant	Total Income \$	Total HRS (ACC) 2008	Operating Cost 2008 (\$)	Cost of Mtce 2008	Profit & (Loss) 2008	Purchase Price	Total Mtce Cost (Acc) 2008
GM 037	-	0	-	18.00	\$6.00	(\$24.00)	-	\$18.00
Total				\$2,039.37	\$120.00	\$2,159.37		

TABLE 25.15: IDLE VEHICLES INCURRING MAINTENANCE AND OPERATING COSTS

REG NO.	Type of Vehicle	Total Income	Total Mileage (ACC) (Km) 2008	Operating Cost 2008 (\$)	Cost of Mtce 2008 (\$)	Profit & (Loss) 2008 (\$)	Purchase Price (\$)	Total Mtce Cost (Acc) 2008 (\$)
GN372	Mazda Utility P/up	0.00	98617	36.96	0.00	(36.96)	28,125.00	1,881.00
GN440	Mazda Utility P/up	0.00	60354	0.00	24.00	(24.00)	28,125.00	78.00
GM529	Mazda Twin Cab	0.00	221550	95.68	6.00	(101.68)	Project Veh.	23,185.55
GL518	Nissan Twin Cab	0.00	314407	12.00	18.00	(30.00)	F.M.F. Veh.	15,577.00
GN414	Mitsubishi T/Cab	0.00	91700	0.00	6.00	(6.00)	33,750.00	531.00
GL466	Daihatsu Applause	0.00			No buyer	0.00	12,743.00	
GL941	Mazda 626	0.00	220032	146.28	30.00	(176.28)	24,000.00	18,806.01
GK813	Mitsubishi Pajero	0.00	625562	0.00	258.00	(258.00)	19,053.00	37,194.00
GL228	Mitsubishi Pajero	0.00	612188	216.86	12.00	(228.86)	16,985.00	45,836.18
GM388	Mitsubishi Pajero	0.00	175322	238.28	6.00	(244.28)	79,860.00	12,403.28
GL497	Mitsubishi Pajero	0.00	258728	189.99	18.00	(207.99)	17,220.00	28,210.76
GK591	Daihatsu Rocky	0.00	198614	0.00	66.00	(66.00)	14,400.00	14,004.63
GL627	Mitsubishi Pajero	0.00	167540	189.99	48.00	(237.99)	17,220.00	23,035.48
GN217	Mitsubishi Pajero	0.00	47543	3,070.09	464.84	(3,534.93)	Project Veh.	1,517.23
GL990	Toyota Utility	0.00	406572	0.00	6.00	(6.00)	16,071.91	9,719.00
GK684	Daihatsu F/Top	0.00	58914	6.00	400.00	(406.00)	12,079.14	4,826.06
GK714	Daihatsu T/Cab	0.00	667390	0.00	0.00	0.00	18,687.62	77,654.00
GM051	Isuzu Hoist Truck	0.00	195664	138.16	446.91	(585.07)	97,573.59	33,759.00
GL303	Isuzu Tip Truck	0.00	515943	0.00	0.00	0.00	48,959.00	44,465.00
GM187	Mazda Tip Truck	0.00	165086	659.08	18.00	(677.08)	73,725.00	4,060.00
GL176	Nissan Tip Truck	0.00	342963	6.00	24.00	(30.00)	58,528.00	93,137.00
GM240	Isuzu Tip Truck	0.00	103935	0.00	52.00	(52.00)	73,275.90	27,623.00
GM224	Mitsubishi T/Truck	0.00	233282	553.71	18.00	(571.71)	94,518.06	36,892.00
GK846	Hino Service Truck	0.00	202390	776.08	24.00	(800.08)	106,215.53	53,372.85
GO585	Bedford T/Truck	0.00	94362	6.00	6.00	(12.00)	44,425.00	71,684.00
TOTAL				6,341.16	1,951.75	(8,292.91)		

Overall, there is a lack of planning and supervision resulting in other unnecessary operation and maintenance costs incurred by the Division. Malpractices or fraudulent activities would not be ruled out given the manner in which costs were incurred despite the plants and vehicle not generating revenue.

Recommendations

- **An internal investigation should be carried out to ascertain why operating costs incurred are more than maintenance costs even though plants and vehicles were not operating and also why maintenance costs are incurred on idle plants and vehicles.**
- **All vehicles and plants that are uneconomical should be written off and removed from the Plant Pool Garage**

Department's Comments

- *The Hirer to pay for the fuel/oil as there is too much unaccounted utilization by the hirer after hours.*
- *The hourly rates be increased and also include kilometres.*
- *The condition of vehicles and plants contributes to more operation and maintenance cost.*
- *The fuel and oil used while maintenance if vehicles and plants in the workshop.*

25.28 Government Vehicle and Plants Generating Losses

Analysis of Vehicle and Plant maintenance and operation costs disclosed that some vehicles and plants had been generating losses. In addition some vehicles had incurred massive maintenance and operation cost. Refer to Table 25.16 and 25.17 below for details.

TABLE 25.16: IDLE PLANTS INCURRING LOSS

REG NO.	Type of Plant	Total HRS (ACC) 2008	Operating Cost \$	Cost of Mtce 2008 \$	Profit & (Loss) 2008 \$	Purchase Price \$	Total Mtce Cost (Acc) 2008 \$
GJ 529	CAT D4	15353	3,600.06	2,830.28	(2,586.50)	46,177.00	203,440.00
GK 696	TCM Loader	21954	19,687.13	1,187.08	(1,738.52)	66,152.43	153,264.63
GM018	Grader	14842	28,174.31	4,190.26	(5,570.95)	120,176.00	128,296.82
GJ 543	1H1 K250 Crane	18074	3,196.96	409.50	(1,467.18)	154,131.00	291,980.81
GL 603	Ingersol Rand Roller	15186	1392.00	12.00	(1,404.00)	84,912.00	92,912.00
Total			\$56,050.46	\$5,798.84	\$12,767.15		

TABLE 25.17: IDLE VEHICLES INCURRING LOSS

REG NO.	Type of Vehicle	Total Mileage (ACC) (Km) 2008	Operating Cost 2008 \$	Cost of Maintenance 2008 \$	Profit & (Loss) 2008 \$	Purchase Price \$	Total Mtce Cost (Acc) 2008 \$
GN 217	Mitsubishi Pajero	47543	3,070.09	464.84	(3,534.93)	Project Veh	1,517.23
GM 187	Mazda Tip Truck	165086	659.08	18.00	(677.08)	73,725.00	4,060.00
GM 222	Mitsu T/ Truck	266537	25,142.66	3,314.23	(9,004.31)	94,518.06	52,086.97
GM 224	Mitsu T/ Truck	233282	553.71	18.00	(571.71)	94,518.06	36,892.00
GK 846	Hino Service Truck	202390	776.08	24.00	(800.08)	106,215.53	53,372.85
Total			30,201.62	3,839.07	(14,588.11)		

The above data implies that vehicles and plants were not utilized economically as there has been no return from its operation. Further, the lack of planning and supervision is also evident which resulted in unnecessary operation and maintenance costs incurred.

Recommendation

- **Proper planning and supervision should be done to ensure that funds are not unnecessarily spent on vehicles and plants that are uneconomical to maintain or under repair.**
- **The Division should continue to propose to the Ministry of Finance to re-evaluate the plants and vehicles fees if the Division is to break-even or make a profit.**

Department's Comments

1. *The purchasing system is too long.*
2. *The condition of plants and vehicles which are economical to operate need replacements.*

3. *The hire rates for plants and vehicles and workshop to be increase.*

4. *The Replacement Policy to be enforced.*

AUDIT FINDINGS – DEPARTMENT OF ROADS

HEADQUARTERS

25.29 Tenders Not Called For Supply of Goods and Services

Tenders must be called for the procurement of goods, services or works that cost over \$20,000.²³

Where goods, services or works are regularly required by the agency, the Chief Executive Officer shall request the Tender Board to issue an annual tender for a particular good, services or works.²⁴

When total cost of goods and services purchased from a particular supplier exceeds \$20,000 without any tender being called it signifies that preferential treatment is being given to that supplier. In such cases, tenders for procurement of services should be called and approval sought from the tender board.

The Department did not consider requesting the Tender Board to call annual tender for the supply of those goods, services or works which it regularly requires in the following cases:

TABLE 25.18: EXAMPLES OF PURCHASES IN EXCESS OF \$20,000 FROM A SINGLE SUPPLIER WITHOUT TENDER BOARD APPROVAL

Suppliers	Goods/Services Obtained	Total Procurement from a Single Supplier in 2008 (\$)
Innovative Marketing Fiji Ltd	Supply of office furniture & Stationery	490,998
Mass Stationery	Supply of office furniture & Stationery	102,136
Apco Marketing	Supply of office furniture & Stationery	43,251
Image office supplies	Supply of office furniture & Stationery	34,341

The finding indicate blatant disregard to procurement procedures as provided in Finance Instruction 2005 and may have resulted from inadequate internal control measures and lack of proper supervision.

Recommendations

- **The Department should not artificially split into a number of procurements for the purpose of obtaining lower level of approval, and consider calling for annual tender for the supply of goods, services or work required to obtain best value for money.**
- **Tenders must be called for all procurement of goods, services or works over \$20,000.**

Department's Comment

The department has always complied with procurement procedures for any purchase in excess of \$20,000 which requires the approval of the Tender Board. This procurement is mostly done on bulk purchase for a particular

²³ Finance Instruction 2005 12(4)

²⁴ Finance Instruction 2005 15(1)

project or for a Division. Those you have indicated didn't require Tender Board approval as they are items (road materials, office furniture, stationeries, service and repair, etc) purchased as and when required for everyday use. The department had also considered other potential suppliers in acquiring these items which is in accordance with the Government's policy of boosting private sector participation. If tender process is applied then a single supplier would participate throughout which defeats the purpose of obtaining best market value for goods and services where prices always fluctuate.

25.30 Procurement Anomalies

A local purchase order, indent, departmental warrant, contract or agreement must be issued before goods, services and works are received.²⁵

The Department purchased goods and services in 2008 from various suppliers for which purchase orders were not issued. Refer to Table 25.19 for examples.

TABLE 25.19: EXAMPLES OF LOCAL PURCHASE ORDERS NOT ISSUED

Date	Cheque No.	Payee	Description	Amount \$
03/04/08	675660	Bondwell Computers	Payment for wireless routers	237.85
06/06/08	846893	Clarity South Pacific	Payment for purchase of motherboard	1,655.00
23/06/08	847169	Bondwell Computers	Payment for Cartridge for Samabula Lab Office	1,083.00
01/07/08	847254	Cathay Hotel	Payment to Cathay Hotel for accommodation	148.00
04/07/08	847339	Director Roads	Payment for Hotel Accommodation	235.00
08/07/08	847387	Xceed Pasifika Limited	Payment for purchase of printer	1,349.00

These findings reflect lack of supervision and could result in the possibility of unauthorized purchases and the risk of misappropriation of public funds.

Recommendation

The Department of National Roads must ensure that purchase orders are issued for all purchases made and disciplinary action should be taken against those officers authorising such payments and purchases.

Department's Comment

Due to the current situation we are currently facing a vast majority of our supplies are reluctant to accept local purchase orders especially from government. This is due to the delay in arranging payment and from their understanding that the government is facing financial crisis. Computer accessories usually require the Product supplier because of their availability and the lower price values.

Further OAG Comments

Local purchase orders must be raised for every goods or services to ensure that all goods and services received were the ones being ordered. .

25.31 Excessive Meal Claims

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 purchase and

²⁵ Finance Instructions 2005 17(2)

payments system plays an important part in ensuring that waste of funds, over expenditure and corruption do not occur.²⁶

Aritemo Utonivesi (EDP 53651) was appointed Acting Executive Officer for the Disciplinary Taskforce. His work involved investigating complaints from the various depots and recommending appropriate disciplinary actions to be taken.

It was noted that Mr. Utonivesi was paid meal claims totalling \$5,247 in 2008 which was almost 40% of his annual salary. The meal claims paid to Mr. Utonivesi were mostly due to overtime worked at headquarters and the official tours taken to the Western and Northern Divisions.

The massive payment of meal allowance warrants further investigations as proper economy has not been exercised. These could have been a result of the absence of an achievable work plan and that effective actions were not taken to clear outstanding work.

Recommendations

- **The Department should exercise proper economy through close monitoring and no such payment to be made where work is part of the normal responsibility of the Officer.**
- **Work assignment should be revised and monthly/weekly forward work plans developed and reviewed regularly.**

Department's Comment

I see no reason for the claim to be excessive after being certified by the Permanent Secretary.

Since the introduction of the Discipline Task Force by the current regime few things they wanted to be done:

- i. *Complete all pending disciplinary cases, where the Ministry of Works, Transport & Public Utilities had 25 pending cases since 2004.*
- ii. *Eradicate corruption in all Ministries.*

In 2007 and 2008 due to the number of cases of the following reported:

- i. *Misuse of Funds*
- ii. *Abuse of Powers*
- iii. *Abuse of Authority etc*

I was involved directly in the investigation, compiling of cases before files are submitted to Solicitor General. After files returned from SG's office, charges are drafted plus compiling of files before it is submitted to PSC for Commission Meeting which I am directly involved.

*The investigations alone cover the whole of Fiji Northern, Western and Central/Eastern, plus Government Shipping, FIMSA, Department of Meteorology, Public Utilities plus Special Investigations directed by the Minister. I am the only **INVESTIGATOR** apart from Military Officers. I need more time even on the weekends. I had addressed this with PS and Minister which they had agreed.*

The meal claim is in line to work done and hours spent in investigation, compiling of files, writing reports including brief to the commission it needs a very quiet environment this mostly done after hours and during the weekends. During those times in question it is very difficult to get transport do I have to wait after hours and during the weekends.

Until to date even involving Special Investigation team from the Military Forces we are finding it hard to cope. Most of the time we leave as 0500hrs and return 0100hrs next day.

²⁶ Part 2 of Ministry of Works Finance Manual 2005

Even cases investigated by Special Investigation team, I still have to compile files before it is submitted to SG's office and PSC. There are total pf 8 officers in our office so I need a very quiet environment and more time to do all this.

Attached are some cases investigated and dealt with. Some are still pending and some were later reported after report submitted to Minster. In total there were more than three hundred thousand dollars being misused from Government and some are still under investigation.

All these I had to work after hours and during the weekends. I am still prepared to sacrifice time until 2005 takeover is fulfilled.

25.32 Reimbursement of Taxes Paid By Consultants

Section 32(b) of the Income Tax Act states that the chargeable income of a non-resident company shall the total income accruing in or derived from Fiji.

It is mandatory to obtain legal clearance (including vetting) on all contracts, agreements, Government is a party to before they are signed and sealed. This is to ensure that Government's interest is protected and to avoid major costs to Government that arise out of damaging and costly litigation²⁷.

An agreement dated 19th December 2003 was signed between the Halcrow Group Limited and the Ministry of Works for the provision of consultancy services in the supervision of the Rewa River Bridge Works²⁸. Annexure B of the said agreement states that the contracting authority which is the Department would have to reimburse the consultant for every local taxes paid to FIRCA.

It was noted that Halcrow Group Limited, a consultant paid their non resident corporate taxes of \$19,855.50 and \$10,313.26 to Fiji Islands Revenue and Customs Authority (FIRCA) for the years 2005 and 2006 respectively in September 2007. The Department later reimbursed all taxes to Halcrow Group Limited for 2005 and 2006 years totalling \$30,168.76²⁹ in accordance with the agreement.

Audit is of the view that such arrangement has resulted in Government losing out. Even though the contracting authority was required under the agreement to make refund, it is of concern that the taxation laws applicable to non resident company could not be imposed as the Department had to incur additional cost and Government's interest not protected by making those refunds.

Such finding may indicate that the agreement did not have legal clearance and vetting by the Attorney General's Office as required by PSC Circular 39/99.

Recommendation

The Department must obtain legal clearance including vetting on all contracts, agreement from the Attorney General's Chambers to ensure that Government's interest is protected and ensure that non resident companies are being imposed with the tax for income being derived from Fiji as required by the Income Tax Act.

Department's Comment

In this instance the Ministry of Finance was the Contracting Authority which mostly dealt with the contract negotiation whereas the Ministry of Works was the implementation agency. Your recommendation is accepted.

²⁷ PSC Circular 39/99 dated 29/10/99

²⁸ Consultancy Services Contract For Supervision Of The New Rewa River Bridge Works Contract(CSC 12/03)

²⁹ Cheque number 675025 dated 15/2/08

DIVISIONAL ENGINEER CENTRAL/EASTERN**25.33 Overcharging of Unit Price by Suppliers**

The proper management of expenditure is fundamental to ensuring value-for-money in service delivery 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 public funds and over-expenditure do not occur.

The Major Tender Board in its meeting on 27/8/08 awarded the tender for the supply of concrete pipes, v-drains and road kerbs to Humes Industries Fiji Ltd³⁰.

It was noted that the price charged per unit of concrete pipes, v-drains and road kerbs in the invoice by Humes Industries did not match with the rate approved by the Tender Boards. Refer to Table 25.20 below for details.

TABLE 25.20: EXAMPLES OF OVERCHARGE BY HUMES INDUSTRIES LTD

Item Description	LPO No & Date	Quantity	Tender Price (\$)	Unit Price (\$)	Total as Unit Price (\$)	Total as per Tender Price (\$)	Overpaid (\$)
Culvert 600 x 2.44	803984	4	176.09	381.91	1,527.64	704.36	823.28
	803984	6	176.09	381.92	2,291.52	1,056.54	1,234.98
	803984	10	319.04	691.96	6,916.60	3,190.40	3,726.20
Culvert 1050 x 2.44	780756	4	406.61	881.89	3,527.56	1,626.44	1,901.12
	780756	6	406.61	881.89	5,291.34	2,439.66	2,851.68
	780756	4	406.61	881.89	3,527.56	1,626.44	1,901.12
	780756	8	406.61	881.89	7,055.12	3,252.88	3,902.24
Culverts 600 x 2.44	824822	12	176.09	381.92	4,583.04	2,113.08	2,469.96
	824822	8	176.09	381.92	3,055.36	1,408.72	1,646.64
	824822	5	176.09	381.92	1,909.60	880.45	1,029.15
	824822	2	319.04	691.96	1,383.92	638.08	745.84
	824822	13	319.04	691.96	8,995.48	4,147.52	4,847.96
	824822	5	319.04	691.96	3,459.80	1,595.20	
Culverts 1200 x 2.44 900 x 2.44	823616	6	None	1,040.00	6,240.00	0	6,240.00
	823616	4	319.04	691.96	2,767.84	1,276.16	1,491.68
	823616	6	391.04	691.96	4,151.76	2,346.24	1,805.52
	823616	8	176.09	381.92	3,055.36	1,408.72	1,646.64

It was not possible to obtain an explanation as to why the supplier was overcharging the prices of concrete pipes, v-drains and road kerbs to the Department.

³⁰ CTN 78/07

Recommendation

- The Department must ensure that the approved rates issued by the Tender Board are paid for the supply of concrete pipes, v-drains and road kerbs and must recover the overpayment from Humes Industries Limited through all available recovery avenues, and
- Surcharge action should be taken against the Officer authorising the payment.

Department's Comment

The price paid to Humes is correct, as the price is calculated according to the length of the culvert being supplied. Refer below for the price list for Humes as approved by the Major Tender Board.

				/KM		
	River Gravels	<i>RCU & Rehab</i>	30.00			<i>K.Lal & Sons Ltd</i>
4	Sand		6.00	0.40	22km	<i>Winstone Aggregates</i>
			6.00	0.40	55km	<i>Winstone Aggregates</i>
			6.00	0.40	46km	<i>Winstone Aggregates</i>
			8.80	0.35	19km	<i>K.Lal & Sons Ltd</i>
			8.80	0.35	44km	<i>K.Lal & Sons Ltd</i>
			8.80	0.35	36km	<i>K.Lal & Sons Ltd</i>
5	Concrete Products			Quantity	Unit Rate F\$ VIP	Rec Company
	<i>Filed Drain Pipes 150mm x 300mm</i>			100	3.35	<i>Humes Industries Ltd</i>
	<i>Invert Type 1</i>			100	20.72	<i>Humes Industries Ltd</i>
	<i>Invert Type 2</i>			500	28.48	<i>Humes Industries Ltd</i>
	<i>Invert Type 3</i>			1000	40.63	<i>Humes Industries Ltd</i>
	<i>Coc. Posts 150x100x3000mm</i>			500	60.77	<i>Humes Industries Ltd</i>
	<i>Conc. Corner Posts 150x150x3000mm</i>			50	77.25	<i>Humes Industries Ltd</i>
	<i>Valve Marker Posts</i>			200	15.65	<i>Humes Industries Ltd</i>
	<i>Road Kerbs 125x250x900mm</i>			15000	10.95	<i>Humes Industries Ltd</i>
	<i>Side Entry Pit with Lintel & Lid 2150mmx750mm</i>				326.31	<i>Humes Industries Ltd</i>
	<i>Side Entry Pit with Lintel & Lid 2150mmx750mm</i>				242.67	<i>Humes Industries Ltd</i>
6	Concrete Pipe Sizes (mm)	Length	Joint Type	Category X	Category Y	Rec Company
	150	1.22	S&F	37.96		<i>Humes Industries Ltd</i>
	225	1.22	S&F	62.49		<i>Humes Industries Ltd</i>
	300	1.22	Flush	73.85	75.74	<i>Humes Industries Ltd</i>
	300	2.44	Flush	65.79	66.75	<i>Humes Industries Ltd</i>
	450	1.22	Flush	128.86	132.54	<i>Humes Industries Ltd</i>
	450	2.44	Flush	119.29	125.44	<i>Humes Industries Ltd</i>
	600	1.22	Flush	184.61	202.60	<i>Humes Industries Ltd</i>
	600	2.44	Flush	176.09	193.61	<i>Humes Industries Ltd</i>
	750	1.22	Flush	248.08	268.87	<i>Humes Industries Ltd</i>
	750	2.44	Flush	240.47	258.93	<i>Humes Industries Ltd</i>
	900	1.22	Flush	329.46	361.65	<i>Humes Industries Ltd</i>
	900	2.44	Flush	319.04	355.02	<i>Humes Industries Ltd</i>
	1050	1.22	Flush	419.40	459.17	<i>Humes Industries Ltd</i>
	1050	2.44	Flush	406.61	449.22	<i>Humes Industries Ltd</i>
	1525	1.22	Flush	703.42	788.62	<i>Humes Industries Ltd</i>
	1525	2.44	Flush	691.11	773.00	<i>Humes Industries Ltd</i>

Further OAG Comments

The rates specified are given with the lengths of the culverts that are to be purchased and no formula was approved by the Tender Boards to be used for calculating the purchase price except the approved rates.

25.34 Stores Inventory Register

The inventory officer shall maintain the inventory register/ledger to record incoming and outgoing inventories. The inventory register/ledger shall provide the following information:

- date of acquisition and order number reference;
- number of items received and cost price;
- supplier details;
- date of issue of inventory and nature of issue;
- issue reference; and
- Quantity issued.³¹

The inventory officer shall ensure that the register/ledger is kept up to date at all times.³²

It was noted that the stores inventory register for DECE was not properly maintained. Moreover, important features of an item such as model/make and serial numbers were not recorded in the inventory register therefore it was difficult to identify these items for physical verification purposes.

A physical verification of certain store items revealed that items were missing from the stores. Refer to Table 25.21 for examples.

TABLE 25.21: MISSING STORES ITEM

Item	No. of Items To Be In Stock	Actual	Variance	Remarks
Camera	8	4	4	A camera taken by a Mrs. T. Masibalavu has been stolen while it was in her possession. No comments were provided by the store man for the other 3 missing cameras.
Chainsaw	4	2	2	No comments were provided by the store man or the head of Inspection Team
Gas Burner	9	7	2	No comments were provided by the store man or the head of Inspection Team
Gum Boots	6	0	6	No comments were provided by the store man or the head of Inspection Team
Napsack Sprayer	7	3	4	No comments were provided by the store man or the head of Inspection Team
Spade	7	1	6	No comments were provided by the store man or the head of Inspection Team
Digging Fork	2	1	1	No comments were provided by the store man or the head of Inspection Team
Shovel	7	4	3	No comments were provided by the store man or the head of Inspection Team

If proper records of inventory are not maintained then there is a high risk of stores being misplaced or stolen.

³¹ Section 8.1.3 of Ministry of Works Finance Manual 2005

³² Section 8.1.4 of Ministry of Works Finance Manual 2005

Recommendations

- **Inventory register must be updated whenever there is movement of inventory items,**
- **Surcharge action to be taken against the officer responsible for the missing items, and**
- **The Department must undertake annual board of survey.**

Department's Comment

- *The above has been noted*
- *Effort has been made to ensure that proper updating of register is maintained during the movement of inventory in and out of the stores.*
- *The storeman concerned will be surcharged for those items which were missing from the stores.*

DIVISIONAL ENGINEER NORTHERN

25.35 Splitting of Local Purchase Orders

The officer authorizing a purchase order must ensure that a purchase is not artificially split to bring it within the limits. Any officer who authorizes expenditure exceeding his/her procurement limits including by splitting purchase orders, shall be liable for surcharge to repay the unauthorized amount.³³

On several occasions local purchase orders were split when procuring goods and services to avoid approval from higher authorities. Refer to *Appendix 25.3* for examples for splitting of orders.

Levels of authority over local purchase orders are put in place to ensure adequate control is exercised over purchases made by Ministry/Department.

Recommendations

- **The Department should ensure that goods and services are procured in accordance with government regulations, and**
- **Officers responsible should be surcharged for not complying with Finance Manual.**

Department's Comment

We concur with the issues raised by the Auditor General Office. Please note that this was not an oversight but purely based on:

This was based on the practicality view point where on the basis of emergency, urgency during the period on national and public interest to reconstruct assets damaged after the cyclone and to enable public transport to travel through.

The officer concerned has been cautioned on the issue and any further repetition will be severely dealt with.

³³ Sections 2.2.2 & 2.2.3 of Ministry of Works Finance Manual 2005

25.36 Purchase orders prepared after goods/services were obtained

Goods and Services required by the departments would normally be purchased and procured by indents, requisition, and direct purchases through annual contracts and local purchase orders.³⁴

It was noted that services were provided by the supplier without being issued with local purchase orders. In regularising the procurement process, purchase orders were prepared after goods and services were obtained and invoices received from the suppliers for payments to be effected. Refer to Table 25.22 below for examples.

TABLE 25.22: PURCHASE ORDERS PREPARED AFTER RECEIPT OF INVOICES

Payee	LPO No.	LPO Date	Invoice No.	Invoice Date	Description	Amount (\$)
Hussein's Hire Plant	784101	25/03/08	796	19/03/2008	Payment made for purchase of gravel	2,900
	784102	25/03/08	795	19/03/2008	Payment made for purchase of gravel	2,838
	784103	25/03/08	797	19/03/2008	Payment made for purchase of gravel	2,900
	784104	25/03/08	799	19/03/2008	Payment made for purchase of gravel	2,900
	784105	25/03/08	901	19/03/2008	Payment made for purchase of gravel	2,552
	784106	25/03/08	902	19/03/2008	Payment made for purchase of gravel	1,914
	784107	25/03/08	909	19/03/2008	Payment made for purchase of gravel	2,871
	784108	25/03/08	905	19/03/2008	Payment made for purchase of gravel	2,871
Shakti Contractors	784169	26/03/08	1410 & 1412	18/03/2008	Payment for hire of L Grader Registration No. DA 484	5535
	784528	11/04/08	1414	06/04/2008	Payment for hire of L Grader Registration No. DA 484	3,105
Kashmir Transport	784279	31/03/08	323	27/03/2008	Payment for hire of Tip Truck Registration No. CS 273	2,798
Bull Brothers Limited	798304	22/04/08	548	12/04/2008	Payment made for hire of large excavator Registration No. CR453	2,616

The finding indicates blatant disregard to existing purchasing requirements and procedures and could result in unauthorised purchases.

Recommendations

- **Disciplinary and surcharge action should be taken against the officers for not complying with proper procurement procedures, and**
- **The practice of issuing purchase orders after goods and services are received should cease immediately.**

Department's Comment

The Engineer saw it convenient to fully complete or add to what was being at the peak time when the department was carrying out repairs to all infrastructures after the storm. The Engineer has appointed a receiving officer (tallyman) to monitor and confirm the services rendered were correct and proper in all manners.

³⁴ Supplies and Services Instruction 20 (1)

All Supervisory Staff have been briefed on your audit report and have been asked to fully comply by all laid down procedures and legislation.

Further OAG Comments

The comments provided by the Ministry does not relate to the audit finding.

25.37 Payment for Hire of Unregistered Vehicles

The proper management of expenditure is fundamental to ensuring value-for-money in service delivery 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 public funds and over-expenditure do not occur.

The Major Tender Board in its meeting on 15/12/05 awarded the tender for hire of vehicles to various companies and individuals. The Tender Board approval was for three years effective from 1/1/06 to 31/12/08³⁵.

One of the conditions of the approved tender was all vehicles, plants and machineries must have valid road worthiness certification and commercial registration and evidence of these must be provided to Controller of Government Supplies when signing the contract of service.³⁶

Contractor, Sakim Digging Services was paid for the hire of his vehicles in 2008 which had expired road worthiness certificate. Refer to Table 25.23 below for details.

TABLE 25.23: EXAMPLES OF PAYMENTS MADE FOR VEHICLE WITH EXPIRED REGISTRATION

SOB Date	SOB No.	LPO No.	Registration No. of Vehicles Used	Registration Expiry Date	Amount Paid (\$)	Remarks
28/03/08	80345	779492	SDSA	30/10/07	2,002	Registration expired. Payments made for runs on 30/03/08.
28/03/08	80345	779480	SDSA	30/10/07	770	Registration not renewed in 2008. Payments made for runs on 21/03/08.
03/10/08	81433	795746	EZ 483, SDSA	01/04/08 & 30/10/07	1,760	Registration expired. Payments made for runs on 17/09/08, 18/09/08 and 26/09/08.
03/10/08	81433	833009	SDSA, EZ 483	10/04/08 & 30/10/07	1,760	Registration expired. Payments made for runs on 25/09/08.
01/08/08	81802	799807	S.D.S.A	30/10/07	2,904	Registration not renewed in 2008. Payments made for runs on 09/07/08 to 23/07/08.
13/10/08	81516	795744	EZ 483, SDSA	10/04/08 & 30/10/07	2,512	Registration expired. Payments made for runs on 24/10/07 and 30/10/08.
20/10/08	81539	795745	EZ 483	10/04/08	2,416	Registration renewed on 29/10/08. Payments made for runs on 02/10/08, 07/10/08 and 10/10/08.
29/10/08	81581	795747	EZ 483	10/04/08	2,288	Registration renewed on 29/10/08. Payments made for runs on 08/09/08, 09/09/08 and 15/10/08.

³⁵ Tender No CTN 4/2005

³⁶ Major Tender Board Memorandum CTN 4/2005- Hire Of Vehicles, Plant and Machinery.

SOB Date	SOB No.	LPO No.	Registration No. of Vehicles Used	Registration Expiry Date	Amount Paid (\$)	Remarks
Total					\$16,412	

The finding indicates that the Department did not properly verify claims submitted before making payments for hire of private vehicle. There is a high risk that these vehicles may not have been used by the Department at all and payments could have been made on falsified claims.

Recommendations

- All payments made for vehicles with expire registration should be recovered from the contractor. If any amount is not recovered from the contractor the same should be recovered from the officers responsible for processing payments.
- Surcharge action should be taken against responsible Officers.
- The Department should carry out an investigation on the circumstances surrounding the payment of vehicles having expired road worthiness certificates and take appropriate action if need be.

Department's Comment

In case of queries under the above heading, the department did not pay for the unregistered vehicles as mentioned. Under the contract Sakim Digging Services was required to supply the Road Making Materials (i.e) the department was paying for total cm3 of gravel supplied by the trucks. Haulage involved was not paid. Referring to your queries our Head Quarters was informed and investigations were carried out. The Land Transport Authority has done their investigations.

Further OAG Comments

Payments were still being made to Sakim Digging Services when the registration for the vehicles being paid for had expired. The Land Transport Authority records clearly shows that the registrations for the above named vehicles had expired on the said dates stated in the table above.

Appendix 25.1: Statement of Output Costs**Policy & Administration – Corporate & General Administration**

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	668,435	576,635
Wage Earners	58,521	70,519
Travel and communications	54,332	43,653
Maintenance & operations	81,857	48,836
Purchase of goods and services	73,881	4,127
Operating grants and transfers	10,077,700	0
Special expenditures	0	0
Total Operating Costs	11,014,726	743,770
Capital Expenditure		
Construction	0	0
Purchases	91,783	0
Grants and Transfers	0	0
Total Capital Expenditure	91,783	0
Value Added Tax	32,431	74,087
TOTAL EXPENDITURE	11,138,940	817,857

Civil Aviation

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	21,468	145,053
Wage Earners	3,015	20,058
Travel and communications	0	26,658
Maintenance & operations	0	12,065
Purchase of goods and services	0	2,673
Operating grants and transfers	0	1,978,785
Special expenditures	0	0
Total Operating Costs	24,483	2,185,292
Capital Expenditure		
Construction	0	0

	2008 \$	2007 \$
Purchases	0	0
Grants and Transfers	0	415,000
Total Capital Expenditure	0	415,000
Value Added Tax	0	24,151
TOTAL EXPENDITURE	24,483	2,624,443

*The above expenditures comprises of Salaries and Wages for established staffs and government wage earners for the Department of Civil Aviation. The Department of Civil Aviation was transferred to the Ministry of Foreign Affairs in 2008.

Transport Planning Unit

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	155,033	285,746
Wage Earners	10,720	10,028
Travel and communications	13,541	16,896
Maintenance & operations	25,141	21,609
Purchase of goods and services	12,625	23,057
Operating grants and transfers	36,209	21,000
Special expenditures	0	0
Total Operating Costs	253,269	378,336
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	6,877	39,038
TOTAL EXPENDITURE	260,146	417,374

Government Shipping Services

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	1,025,698	1,049,652
Wage Earners	2,195,417	2,348,538
Travel and communications	25,240	29,899

	2008 \$	2007 \$
Maintenance & operations	1,769,716	1,474,727
Purchase of goods and services	189,806	123,861
Operating grants and transfers	1,764,243	1,653,138
Special expenditures	3,556	0
Total Operating Costs	6,973,676	6,679,815
Capital Expenditure		
Construction	187,376	25,887
Purchases	126,397	16,740
Grants and Transfers	0	0
Total Capital Expenditure	313,773	42,627
Value Added Tax	290,425	512,752
TOTAL EXPENDITURE	7,577,874	7,235,194

Meteorological Services – Corporate Services

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	217,961	250,012
Wage Earners	54,455	48,613
Travel and communications	30,021	27,564
Maintenance & operations	168,087	118,048
Purchase of goods and services	18,165	17,063
Operating grants and transfers	17,482	15,198
Special expenditures	0	0
Total Operating Costs	506,171	476,498
Capital Expenditure		
Construction	89,037	0
Purchases	63,837	0
Grants and Transfers	0	0
Total Capital Expenditure	152,874	0
Value Added Tax	46,019	58,251
TOTAL EXPENDITURE	705,064	534,749

Reporting & Facilities

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	416,435	406,206
Wage Earners	33,905	29,842
Travel and communications	22,960	15,575
Maintenance & operations	22,663	18,750
Purchase of goods and services	14,189	14,723
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	510,152	485,096
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	8,265	44,617
TOTAL EXPENDITURE	518,417	529,713

Weather & Forecasting Services

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	919,481	967,111
Wage Earners	0	0
Travel and communications	146,525	126,104
Maintenance & operations	103,114	194,778
Purchase of goods and services	169,589	0
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	1,338,709	1,287,993
Capital Expenditure		
Construction	0	0
Purchases	1,265,222	173,960
Grants and Transfers	0	0

	2008 \$	2007 \$
Total Capital Expenditure	1,265,222	173,960
Value Added Tax	235,108	228,466
TOTAL EXPENDITURE	2,839,039	1,690,419

Climatology

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	197,948	208,409
Wage Earners	0	0
Travel and communications	1,920	1,541
Maintenance & operations	4,212	507
Purchase of goods and services	219	265
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	204,299	210,722
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	1,370	21,633
TOTAL EXPENDITURE	205,669	232,355

Fiji Maritime Safety Administration – General Administration

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	289,364	209,724
Wage Earners	84,672	81,773
Travel and communications	16,987	14,700
Maintenance & operations	33,517	30,111
Purchase of goods and services	7,952	8,701
Operating grants and transfers	49,018	40,514

	2008 \$	2007 \$
Special expenditures	0	0
Total Operating Costs	481,510	385,523
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	9,384	41,272
TOTAL EXPENDITURE	490,894	426,795

Shipping Office Regulatory

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	892,262	1,081,165
Wage Earners	427,303	453,507
Travel and communications	27,744	39,048
Maintenance & operations	52,475	33,009
Purchase of goods and services	53,878	28,618
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	1,453,662	1,635,347
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	28,428	163,450
TOTAL EXPENDITURE	1,482,090	1,798,797

Hydrographic

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		

	2008 \$	2007 \$
Established staff	366,828	374,733
Wage Earners	300	155
Travel and communications	3,133	5,613
Maintenance & operations	111,377	8,410
Purchase of goods and services	2,819	1,017
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	484,457	389,928
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	19,228	43,684
TOTAL EXPENDITURE	503,685	433,612

Department of Energy

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	0	460,706
Wage Earners	0	62,722
Travel and communications	0	29,606
Maintenance & operations	0	38,252
Purchase of goods and services	0	3,351
Operating grants and transfers	0	0
Special expenditures	0	140,887
Total Operating Costs	0	735,524
Capital Expenditure		
Construction	0	113,742
Purchases	0	599
Grants and Transfers	0	3,929,357
Total Capital Expenditure	0	4,043,698
Value Added Tax	0	111,329
TOTAL EXPENDITURE	0	4,890,551

*The Department of Energy was transferred to the Department of Public Utilities and Energy in 2008.

Common Services – General Administration

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	2,709,470	3,113,914
Wage Earners	3,004,160	2,819,349
Travel and communications	338,446	256,319
Maintenance & operations	359,448	372,962
Purchase of goods and services	89,505	56,855
Operating grants and transfers	0	0
Special expenditures	47,537	391,787
Total Operating Costs	6,548,566	7,011,186
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	116,008	762,148
TOTAL EXPENDITURE	6,664,574	7,773,334

Maintenance & Operations of Public Buildings

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	0	0
Wage Earners	2,518,060	2,635,357
Travel and communications	0	0
Maintenance & operations	2,834,944	4,370,151
Purchase of goods and services	154	1,800
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	5,353,158	7,007,308
Capital Expenditure		
Construction	1,821,182	1,300,372
Purchases	0	0

	2008 \$	2007 \$
Grants and Transfers	0	0
Total Capital Expenditure	1,821,182	1,300,372
Value Added Tax	502,082	690,015
TOTAL EXPENDITURE	7,676,422	8,997,695

Design & Costing Services

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	856,335	982,207
Wage Earners	0	0
Travel and communications	8,284	3,785
Maintenance & operations	49,602	21,082
Purchase of goods and services	3,843	2,900
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	918,064	1,009,974
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	10,056	201,652
TOTAL EXPENDITURE	928,120	1,211,626

Construction Services

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	624,411	707,926
Wage Earners	1,239,216	1,239,728
Travel and communications	6,769	2,572
Maintenance & operations	0	120
Purchase of goods and services	2,944	0

	2008 \$	2007 \$
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	1,873,340	1,950,346
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	0	80,778
TOTAL EXPENDITURE	1,873,340	2,031,124

Plant Pool

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	232,145	285,245
Wage Earners	0	0
Travel and communications	4,542	600
Maintenance & operations	0	0
Purchase of goods and services	1,524	120
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	238,211	285,965
Capital Expenditure		
Construction	0	0
Purchases	2,185,701	986,000
Grants and Transfers	0	0
Total Capital Expenditure	2,185,701	986,000
Value Added Tax	212,053	150,529
TOTAL EXPENDITURE	2,635,965	1,422,494

Workshops

	2008 \$	2007 \$
EXPENDITURE		

	2008 \$	2007 \$
Operating Costs		
Established staff	593,659	622,888
Wage Earners	0	0
Travel and communications	1,512	1,373
Maintenance & operations	34,477	24,480
Purchase of goods and services	4,999	9,352
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	634,647	658,093
Capital Expenditure		
Construction	181,964	29,000
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	181,964	29,000
Value Added Tax	5,246	68,483
TOTAL EXPENDITURE	821,857	755,576

Freight & Handling

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	10,713	16,219
Wage Earners	112,950	78,010
Travel and communications	0	0
Maintenance & operations	0	(227)
Purchase of goods and services	985	41,236
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	124,648	135,238
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	3,004	2,385
TOTAL EXPENDITURE	127,652	137,623

Other Suspense Account

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	214,841	260,040
Wage Earners	0	0
Travel and communications	0	0
Maintenance & operations	0	0
Purchase of goods and services	0	0
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	214,841	260,040
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	0	23,385
TOTAL EXPENDITURE	214,841	283,425

Electrical Services Administration

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	177,040	187,363
Wage Earners	395,397	289,545
Travel and communications	31,048	14,025
Maintenance & operations	1,551	1,343
Purchase of goods and services	20,362	347
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	625,398	492,623
Capital Expenditure		
Construction	421,935	444,344
Purchases	0	0

	2008 \$	2007 \$
Grants and Transfers	0	0
Total Capital Expenditure	421,935	444,344
Value Added Tax	59,936	71,198
TOTAL EXPENDITURE	1,107,269	1,008,165

Electrical Services - Maintenance

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	0	0
Wage Earners	41,338	43,055
Travel and communications	0	0
Maintenance & operations	1,188,128	1,460,916
Purchase of goods and services	7,150	0
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	1,236,616	1,503,971
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	175,610	134,203
TOTAL EXPENDITURE	1,412,226	1,638,174

Roads & Jetties – Policy & Administration

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	1,545,951	1,703,951
Wage Earners	1,056,328	971,476
Travel and communications	92,885	17,545
Maintenance & operations	159,506	6,000
Purchase of goods and services	117,544	26,329

	2008 \$	2007 \$
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	2,972,214	2,725,301
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	97,841	310,044
TOTAL EXPENDITURE	3,070,055	3,035,345

New Roads & Bridges

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	0	0
Wage Earners	0	0
Travel and communications	0	0
Maintenance & operations	0	0
Purchase of goods and services	0	0
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	0	0
Capital Expenditure		
Construction	25,014,290	3,609,938
Purchases	237,082	0
Grants and Transfers	0	0
Total Capital Expenditure	25,251,372	3,609,938
Value Added Tax	2,831,667	580,974
TOTAL EXPENDITURE	28,083,039	4,190,912

Maintenance of Roads & Bridges

	2008 \$	2007 \$
EXPENDITURE		

	2008 \$	2007 \$
Operating Costs		
Established staff	0	0
Wage Earners	7,825,094	7,944,170
Travel and communications	0	0
Maintenance & operations	0	0
Purchase of goods and services	6,989,942	7,329,780
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	14,815,036	15,273,950
Capital Expenditure		
Construction	14,534,216	16,053,621
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	14,534,216	16,053,621
Value Added Tax	3,110,918	3,773,143
TOTAL EXPENDITURE	32,460,170	35,100,714

Outer Island Jetties

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	0	0
Wage Earners	45,468	42,809
Travel and communications	0	0
Maintenance & operations	0	0
Purchase of goods and services	0	0
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	45,468	42,809
Capital Expenditure		
Construction	1,379,281	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	1,379,281	0
Value Added Tax	192,181	41,485
TOTAL EXPENDITURE	1,616,930	84,294

Fiji Road Upgrading Project

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	0	0
Wage Earners	0	0
Travel and communications	0	0
Maintenance & operations	0	0
Purchase of goods and services	0	0
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	0	0
Capital Expenditure		
Construction	16,631,776	22,379,034
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	16,631,776	22,379,034
Value Added Tax	2,232,381	2,747,843
TOTAL EXPENDITURE	18,864,157	25,126,877

Programme 7, Activity 2

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	0	0
Wage Earners	0	0
Travel and communications	0	0
Maintenance & operations	0	0
Purchase of goods and services	0	0
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	0	0
Capital Expenditure		
Construction	135	0
Purchases	0	0

	2008 \$	2007 \$
Grants and Transfers	0	0
Total Capital Expenditure	135	0
Value Added Tax	21	0
TOTAL EXPENDITURE	156	0

*These expenditures belong to the Department of Water and Sewerage.

Programme 7, Activity 4

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	0	0
Wage Earners	3,415	0
Travel and communications	0	0
Maintenance & operations	62,866	0
Purchase of goods and services	0	0
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	66,281	0
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	7,751	0
TOTAL EXPENDITURE	74,032	0

*These expenditures belong to the Department of Water and Sewerage.

Programme 7, Activity 5

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	0	0
Wage Earners	0	0
Travel and communications	90	0
Maintenance & operations	0	0

	2008 \$	2007 \$
Purchase of goods and services	0	0
Operating grants and transfers	0	0
Special expenditures	499	0
Total Operating Costs	589	0
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	62	0
TOTAL EXPENDITURE	651	0

*These expenditures belong to the Department of Water and Sewerage.

Programme 7, Activity 8

	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established staff	0	0
Wage Earners	(2,708)	0
Travel and communications	0	0
Maintenance & operations	14,255	0
Purchase of goods and services	0	0
Operating grants and transfers	0	0
Special expenditures	0	0
Total Operating Costs	11,547	0
Capital Expenditure		
Construction	0	0
Purchases	0	0
Grants and Transfers	0	0
Total Capital Expenditure	0	0
Value Added Tax	1,382	0
TOTAL EXPENDITURE	12,929	0

*These expenditures belong to the Department of Water and Sewerage.

Appendix 25.2: Misposting of RFA Miscellaneous by Department of Works

SEG	Description	Balance	Total (\$)	Remarks
56	14050295212567483	Debtor-Work Services	-67,737.69	2007 Amount
	14050495212567483	Debtor-Work Services	3,326.59	2007 Amount
	14050495212567484	Debtor –National Roads	217.75	2007 Amount
			-64,193.35	
57	14050199991570101	Advances	654.44	2008 amount
	14050199991570301	Prepaid Expenses	-28,596.78	2008 amount
			-27,942.34	
84				
	14050191011840401	GL Trade Credits open item	(65)	JV 252/12/08 - Works Audit Adj 08 AUD 801
	14050191011840401161032	GL Trade Credits open item	277.44	2007 wages misposting
	14050291011840401161011	GL Trade Credits open item	675.84	2007 wages misposting
	14050291011840401161032	GL Trade Credits open item	185.33	2007 wages misposting
	14050291011840401161033	GL Trade Credits open item	506.97	2007 wages misposting
	14050291011840401161039	GL Trade Credits open item	625.63	2007 wages misposting
	14050295212840401	GL Trade Credits open item	396.20	2007 wages misposting
	140510910118404011	GL Trade Credits open item	140.00	2008 Amount
	14050183999840602	Withholding Tax Payable	-18,139.33	Not Paid – contractors (Provisional Tax)
			-15,396.92	
Total Variance			107,532.61	

Appendix 25.3: Examples of split Purchase Orders

LPO Date	LPO No.	LPO Signed By	Limit For the Signing Officer	Description of Services Obtained	LPO Amount (\$)
26/2/08	784101	Joji Mate	3,000	Payment made to Hussein's Hire for purchase of gravel	2,900
	784102			Payment made to Hussein's Hire for purchase of gravel	2,838
	784103			Payment made to Hussein's Hire for purchase of gravel	2,900
	784104			Payment made to Hussein's Hire for purchase of gravel	2,900
	784105			Payment made to Hussein's Hire for purchase of gravel	2,552
	784106			Payment made to Hussein's Hire for purchase of gravel	1,914
	784107			Payment made to Hussein's Hire for purchase of gravel	2,871
	784108			Payment made to Hussein's Hire for purchase of gravel	2,871
15/4/08	784475	Joji Mate	3,000	Payment made to Patterson Brothers Shipping for sea passage for two 10 wheelers	2,340
	784476			Payment made to Patterson Brothers Shipping for sea passage for two 10 wheelers	2,340
	784477			Payment made to Patterson Brothers Shipping for sea passage for two 10 wheelers	2,340
	784478			Payment made to Patterson Brothers Shipping for sea passage for one 10 wheelers	1,170
	798405			Payment made to Sulven Shipping for sea passage for two 10 wheelers	2,600

LPO Date	LPO No.	LPO Signed By	Limit For the Signing Officer	Description of Services Obtained	LPO Amount (\$)
30/4/08	798406	Joji Mate	3,000	Payment made to Suilven Shipping for sea passage for two 10 wheelers	2,600
	798407			Payment made to Suilven Shipping for sea passage for two 10 wheelers	2,600
	798408			Payment made to Suilven Shipping for sea passage for one 10 wheelers	1,300
15/8/08	788055	Joji Mate	3,000	Payment to Viti Vanua Holding Limited for supply of base course	2,527
	788056			Payment to Viti Vanua Holding Limited for supply of base course	2,527
	788057			Payment to Viti Vanua Holding Limited for supply of base course	2,460
	788058			Payment to Viti Vanua Holding Limited for supply of base course	2,432
	788059			Payment to Viti Vanua Holding Limited for supply of base course	2,460
	788060			Payment to Viti Vanua Holding Limited for supply of base course	1,004
21/7/08	788051 788052 788053	Joji Mate	3,000	Payment made to Total Fiji Limited for purchase of kerosene	6,942
20/8/08	799233	Joji Mate	3,000	Payment to Hume for purchase of Culvert	2,976
	799234			Payment to Hume for purchase of Culvert	2,976
	799235			Payment to Hume for purchase of Culvert	2,976
	799236			Payment to Hume for purchase of Culvert	2,976
	799237			Payment to Hume for purchase of Culvert	2,976
	799238			Payment to Hume for purchase of Culvert	2,578
	799239			Payment to Hume for purchase of Culvert	2,578
	799243			Payment to Hume for purchase of Culvert	1,984
	799244			Payment to Hume for purchase of Culvert	2,976

Section 26 Department of Public Utilities & Energy

Role and Responsibilities

The Ministry of Public Utilities and Energy is responsible for any policy, planning, coordination, design, construction, operation, maintenance and management of programmes or activities related to public water supplies, sewerage services and energy.

In 2008, the budget for the Ministry will provide the following:

Expansion and upgrading of works are anticipated to continue in the various regions and include works such as the provision of new – metered connections, replacements of defective water meters and old water mains, connections of subdivisions, and instrumentation repairs. The major project in this programme is the loan funded Suva - Nausori Regional Water and Sewerage Project.

Table of Contents

CONSOLIDATED FINANCIAL STATEMENT	2
26.1 Audit Opinion.....	2
26.2 Statement of Receipts and Expenditures.....	3
26.3 Statement of Output Costs.....	4
26.4 Appropriation Statement	4
26.5 Statement of Losses	4
AUDIT FINDINGS – DEPARTMENT OF WATER AND SEWERAGE.....	4
FINANCIAL STATEMENT.....	4
26.6 Agency Financial Statement	4
26.7 Operating Trust Fund Account.....	5
26.8 Drawings Account	6
26.9 Stale Cheques.....	6
26.10 Arrears of Revenue	7
DIVISIONAL ENGINEER – WESTERN	8
26.11 Meter Shop.....	8
26.12 Lautoka Water Supply Valve Operation	9
26.13 Revenue Collection and Arrears	11
26.14 Consumers Failing to Honour Arrangement	12
26.15 Excessive Hire of Vehicles.....	13
DIVISIONAL ENGINEER – NORTHERN.....	14
26.16 Recruitment of Project Officers	14
26.17 Incomplete Rural Water Project – Drainivuqa Settlement	15
26.18 Delivery of mPVC Pipes.....	16
26.19 Failed Project for Benau Water Treatment Plant	17
DIVISIONAL ENGINEER – CENTRAL / EASTERN	19
26.20 Unaccounted Water	19
26.21 Abuse of Departmental Warrant (DW)	20
26.22 Failed Energy Generated Project.....	22

26.23 Non – Operation of Belt Press	23
HEADQUARTERS	24
26.24 Conflict of Interest	24
26.25 Non-Operation of Levuka Water Treatment Plant	25
AUDIT FINDINGS – DEPARTMENT OF ENERGY	27
26.26 Agency Financial Statement	27
26.27 VAT Records	28
26.28 Operating Trust Fund Account	29
26.29 Revolving Fund Account – Miscellaneous	30
26.30 Drawings Account	31
26.31 Rural Electrification Unit (REU) Projects	31
26.32 Generators in the Warehouse	33
26.33 Nabouwalu Hybrid Power System Uncertainty	35
Appendix 26.1: Statement of Output Costs	37
Appendix 26.2: Kashmir Off-Take Details	42
Appendix 26.3: Arrears Under Arrangement	43
Appendix 26.4: Delays in REU Projects as at 12/12/08	45
Appendix 26.5: Generators Kept in the Warehouse	47

CONSOLIDATED FINANCIAL STATEMENT

26.1 Audit Opinion

The audit of the 2008 accounts of the Department of Public Utilities and Energy resulted in the issue of a qualified audit report.

The qualifications are as follows:

- (a) The Department of Water and Sewerage submitted eight Statements of Output Costs instead of four as prescribed in the budget estimate, whilst Department of Energy submitted only one Statements of Output Cost instead of five.
- (b) 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 each nine outputs.
- (c) The Department failed to submit the Trust Account Statement of Receipts and Payments to audit contrary to section 82 (1) of the Finance Instructions. The Financial Management Information Systems shows that the Department of Water and Sewerage as at 31/12/08 has Operating Trust Funds totalling \$2,977,871.33. In addition, Department of Energy has an overdrawn True Trust balance of \$58,953.15 and has an Operating Trust Fund totalling \$438,049.69.
- (d) The payments of FNPF contributions and VAT could not be reconciled to the accounts of the Department of Water and Sewerage.

26.2 Statement of Receipts and Expenditures

The Department of Public Utilities and Energy collected revenue amounting to \$17,386,952 and incurred total expenditure of \$80,786,966 in 2008.

TABLE 26.1: STATEMENT OF RECEIPTS AND EXPENDITURE FOR 2008

Description	2008 \$	2007 \$
RECEIPTS		
State Revenue		
Operating Revenue	16,974,820	17,175,512
Total State Revenue	16,974,820	17,175,512
Agency Revenue		
Miscellaneous Revenue	398,477	17,784
License Others	13,655	580
Total Agency Revenue	412,132	18,364
TOTAL REVENUE	17,386,952	17,193,876
EXPENDITURES		
Operating Expenditure		
Established Staff	4,340,987	3,836,820
Unestablished Staff	7,360,411	7,543,989
Travel & Communication	72,830	59,634
Maintenance & Operations	23,387,605	25,210,609
Purchase of Goods & Services	57,538	62,700
Operating Grants & Transfers	---	---
Special Expenditures	283,150	243,695
Total Operating Expenditure	35,502,521	36,957,448
Capital Expenditure		
Capital Construction	32,602,050	29,657,106
Capital Purchases	70,756	599
Capital Grants & Transfers	5,337,239	3,929,357
Total Capital Expenditure	38,010,045	33,587,062
Value Added Tax	7,274,401	7,887,959
TOTAL EXPENDITURE	80,786,966	78,432,469

The agency revenue increased by \$393,768 in 2008 due to the increase in Rural Water 1/3 contributions for Community and Village Water Schemes.

The Capital Expenditure increased by \$4,422,983 or 13% in 2008 compared to 2007 was due to work undertaken on:

- Urban and Regional Water Supplies activity of each division and the Rural & Settlement Supplies Program.
- Rural Electrifications Project for the Department of Energy on diesel scheme, FEA grid extension, house wirings and solar system scheme.

26.3 Statement of Output Costs

The Statements of Output Costs consolidates the 9 Outputs prescribed in the Budget Estimates. These are detailed in **Appendix 26.1**.

26.4 Appropriation Statement

The Department of Public Utilities and Energy incurred expenditures totalling \$80,786,966 in 2008 against the budget of \$102,156,300, resulting in a savings of \$21,369,334 or 21%.

TABLE 26.2: APPROPRIATION STATEMENT FOR 2008

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	4,235,800	283,250	4,519,050	4,340,987	---	178,063
2	Unestablished Staff	7,774,500	151,550	7,926,050	7,360,411	---	565,639
3	Travel & Communication	183,800	(46,200)	137,600	72,830	---	64,770
4	Maintenance & Operations	18,526,500	(373,207)	18,153,293	23,387,605	---	(5,234,312)
5	Purchase of Goods & Services	75,100	(3,100)	72,000	57,538	---	14,462
6	Operating Grants & Transfers	---	---	---	---	---	---
7	Special Expenditure	756,000	(299,500)	456,500	283,150	---	173,350
	Total Operating Costs	31,551,700	(287,207)	31,264,493	35,502,521	---	(4,238,028)
	Capital Expenditure						
8	Capital Construction	63,835,000	(8,600,000)	55,235,000	32,602,050	---	22,632,950
9	Capital Purchases	540,000	(232,793)	307,207	70,756	---	236,451
10	Capital Grants and Transfers	6,000,000	---	6,000,000	5,337,239	---	662,761
	Total Capital Expenditure	70,375,000	(8,832,793)	61,542,207	38,010,045	---	23,532,162
13	Value Added Tax	10,489,600	(1,140,000)	9,349,600	7,274,401	---	2,075,199
	TOTAL EXPENDITURE	112,416,300	(10,260,000)	102,156,300	80,786,966	---	21,369,334

26.5 Statement of Losses

The Department of Public Utilities and Energy did not record losses for either cash or revenue in 2008.

AUDIT FINDINGS – DEPARTMENT OF WATER AND SEWERAGE

FINANCIAL STATEMENT

26.6 Agency Financial Statement

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.¹

¹ Section 81 (3) – Finance Instructions 2005

In addition, each agency must include the following statements in its annual financial statements:²

- (i) statement of receipts and expenditure;
- (ii) statements of output costs;
- (iii) an appropriation statement;
- (iv) a statement of assets and liabilities;
- (v) notes to the statement of assets and liabilities;
- (vi) a statement of losses;
- (vii) a trust account statement of receipts and payments (where applicable)

The Department of Water and Sewerage submitted its financial statements (consolidated with Department of Energy) for audit on 14/04/09 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 has grouped its expenditures into 8 Statements of Output Costs whereas the Budget Estimates prescribes 4 outputs.
- The amounts in the Statements of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Department under each output.
- The Department failed to provide the Trust Fund Statement of Receipts and Payments.

The above issues will be used as basis of qualifications of the financial statements.

Recommendation

The Department should ensure that the requirements of the Finance Instructions 81 and 82 are strictly followed in the preparation of the Financial Statements.

Department's Comments

No comments received.

26.7 Operating Trust Fund Account

Within 5 days after the end of each month, the accounts officer shall prepare a trust reconciliation to reconcile trust account balances to the ledger total and the trust bank account.³ Details of balances must be attached to the reconciliation statement.⁴ The accounts officer shall certify and date the reconciliation statement after ensuring that all balances in the statement are verified to supporting documents.⁵

Moreover, each month, the trust account shall be balanced and reconciled to the trust bank account. The names and balances of each account shall be listed and the reconciliations shall be signed by the

² Section 82 (1) – Finance Instructions 2005

³ Section 15.4.1 – Finance Manual 2005

⁴ Section 15.4.2 – Finance Manual 2005

⁵ Section 15.4.3 – Finance Manual 2005

responsible officer. Un-reconciled items should be investigated and resolved promptly.⁶ Each year, a statement of receipts and payments shall be prepared for audit and inclusion, when required, in the agency's annual report.⁷

The Department failed to submit the following Trust Account Reconciliation for audit verification:

- Operating Trust Reconciliations.
- Merged Reconciliation for the Department.

This indicates the laxity by the responsible officers for not complying with Finance Instructions.

Recommendation

The Department should ensure that Section 69 of Finance Instructions is strictly complied with.

Department's Comments

No comments received.

26.8 Drawings Account

All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and be signed and dated by the responsible officer.⁸

The Department failed to prepare the Drawings Account Reconciliation for the year 2008. Thus, the possibility of fraud and error cannot be ruled out.

The above finding indicates the laxity of the Accounting Heading for not carrying out his/her duties diligently, resulting in the non-preparation of the drawings accounts reconciliation.

Recommendation

The Department should ensure that Drawings Account reconciliation is carried out on a monthly basis.

Department's Comments

No comments received.

26.9 Stale Cheques

Stale cheques (those which are at least 6 month 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.⁹

⁶ Section 69 (3) – Finance Instructions 2005

⁷ Finance Instructions Part 9 – 69 (3) (4) 2005

⁸ Section 39 (5) – Finance Instruction 2005

⁹ Section 40 (3) – Finance Instruction 2005

If the cheques remain in the un-presented cheque list for more than 3 months, the Principal Accounts Officer must attempt to locate the payees and have their cheques presented before they become stale.¹⁰

Stale cheques amounting to \$1,917.58 as at 31/12/08 were listed in the un-presented cheque list. Refer to Table 26.3 below for details.

TABLE 26.3: STALE CHEQUES AS AT 31/12/08

Division	Date	Cheque No.	Amount \$	Total \$
Headquarters	02/05/08	726259	675.00	
	05/05/08	726296	195.00	
	05/05/08	726297	116.50	
	12/05/08	726353	615.15	
	20/06/08	726814	227.00	
	23/06/08	726851	33.00	1,861.65
Northern	30/06/08	757397	15.00	
	30/06/08	757409	15.00	30.00
Western		879126	0.50	
	09/05/08	879166	20.40	
	09/05/08	879481	0.03	
	09/05/08	879745	5.00	25.93
Total				1,917.58

The Department failed to contact the payees for the stale cheques in order to issue replacement cheques.

Recommendations

- The Department should ensure that cheques are presented before they become stale and attempts should be made to contact the payees to issue replacement cheques.
- The Department should ensure that regulations pertaining to stale cheques are strictly complied with.

Department's Comments

No comments received.

26.10 Arrears of Revenue

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

- no further credit shall be extended to the debtor;
- a demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than a month;
- if the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within 14 days.

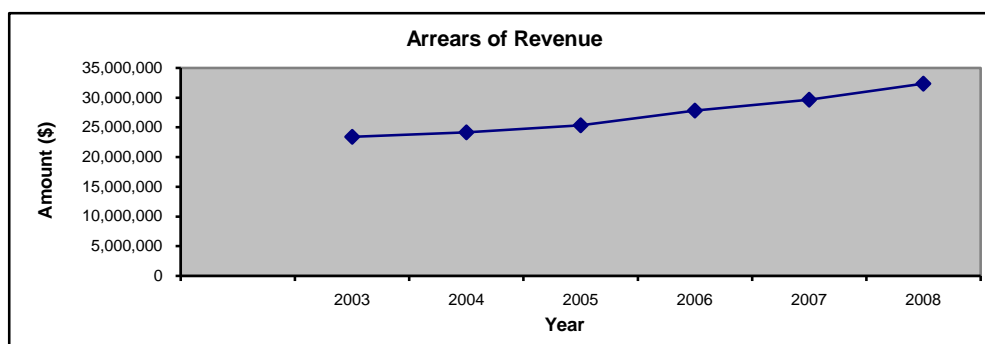
¹⁰ Section 7.5.1 – Finance Manual 2005

If a final notice had been issued to one of the debtors listed, the Accounting Head may approve the case to be referred to the Solicitor General or the Small Claims Tribunal, after considering the cost implication and the probability of recovery.¹¹

Arrears of revenue for Water and Sewerage Rates as at 31/12/08 totalled \$32,355,792, an increase of \$2,719,664 or 9% compared to 2007. Refer to Table 26.4 and the graph below for illustration.

TABLE 26.4: ARREARS OF REVENUE ANALYSIS

Year	Balance \$
2004	24,152,022
2005	25,319,879
2006	27,844,032
2007	29,636,128
2008	32,355,792



The table above shows that the Department's arrears have been increasing for the past 5 years. Failure by the consumers to clear their water bills may result in significant losses of government revenue.

Recommendations

- **Concerted effort should be taken to collect the arrears.**
- **The Department should ensure that Finance Instruction 82 (1) is strictly complied with.**

Department's Comments

No comments received.

DIVISIONAL ENGINEER – WESTERN

26.11 Meter Shop

The Commissioner shall install water meters on premises provided that it shall not be obligatory to install a meter in the case of an emergency or temporary supply and, where a meter is not installed, the measurement of the water supplied shall be calculated as provided by by – laws under this Act.¹²

In addition, all charges under this Act for water and for meter rent shall be payable by the owner of the premises metered and supplied with water under this Act.¹³

There were backlogs in the connection and installation of new meters for the period 2004 to 30 June 2008. From the total applications (236) received till June 2008 for the meter connections, only 28 (or 12%) meters were connected by the Division. Refer to Table 26.5 below for details.

¹¹ Ministry of Works and Energy Finance Manual 2005, 9.2.1, 9.2.4

¹² Section 12 – Water Supply Act 1985 (Cap 144)

¹³ Section 14 – Water Supply Act 1985 (Cap 144)

TABLE 26.5: DETAILS OF METER APPLICATION AND CONNECTION

Particulars	2004	2005	2006	2007	2008
No. of Total Application Received	711	660	727	643	236
No. of Water Meters Installed	505	509	324	240	28
No. of Approved New Connection Forms already tagged to be installed	---	32	40	11	1
No. of Approved New Connection Forms to be tagged and installed	---	---	123	264	26
No. of Completed New Connection Forms in process or in Lautoka for approval	---	---	---	23	13

The data for the period July to December 2008 was not updated. The backlogs were due to lack of saddle clips supplies as the Department was not able to purchase these clips as funds were not available on time. The increasing number of emergency connections, has used up the said item.

Residents who apply for emergency connection were given first priority over the normal applicants depending on the urgency for connection.

Water is a basic need and it is the role of the Government to promptly provide this essential service to the public. Such backlog reflects poorly on the Department over the timely management for applications approval and meter connections.

Recommendation

The Department should speed up its meter connection process and clear all its backlogs in a timely manner.

Department's Comments

New connections are carried out once the allocations are received from Headquarters. Each depot will carry out its new connection program according to the allocation and the time received.

However, the backlog could be attributed to other factors that may have caused the delay which include:

- *Shortage of 3" Saddle clips.*
- *Most of the properties are located opposite the water mains, hence, the need to dig across the road. To do this, the department will bear extra cost in terms of plant hire.*

The department is however hopeful that more allocations will be provided this year so that all backlogs are cleared.

26.12 Lautoka Water Supply Valve Operation

The Department of Water and Sewerage is to continue with its expansion and upgrading or works to various regions and include works such as provision of new-metered connections, replacement of defective water meters and old water mains, connection of subdivisions, and instrumental repairs.¹⁴

Most of the residents in Lautoka are faced with water problems experiencing low pressure, no water and intermittent water supply within the Lautoka district. Refer to **Appendix 26.2** for details.

Other areas with irregular water supply are as follows:

¹⁴ 2008 Programme Statement – Department of Public Utilities 2008

TABLE 26.6: AREAS WITH IRREGULAR WATER SUPPLY

Intermittent Water Supply Areas
Kings Road – except Vunato Area
Field 40 (Captain Withers, Berar, Andra Place)
Kashmir – Qereqeretabua, Bavadra Road, S.M.Koya Road
Simla – Covuli, Natokoriki etc
Waiyavi Areas
Vomo Street – Red Hill and Mosque Areas. Indus Place
Valima Hill – Off Vomo Street
Cakau Street – only double story
Delai Tomuka
Saru – past the shop
Natabua – past Sunshine Shop onwards Vaivai
Old People's Home (High Level Areas)
Ram Asre
Jinnu Road
Sandalwood Street
Ailadi Street and Guruya
Mendhi Place
Compoy Street & Lum Street
Ganges Road & Railey Place
Leonidas Street
Maravu Street

Inconsistency in the water supply services to the district is an indication of improper feasibility studies to facilitate the increasing demand by customers and does not reflect well on the Department, especially on its mandatory obligation.

Recommendation

The Department should be committed in providing adequate water to the public at all times.

Department's Comments

The department is well aware of its obligatory tasks and over the years have been doing its best to maintain a consistent supply to the consumers. Such efforts have been hindered by other factors some of which have been contained whilst some are beyond the department's control.

At the outset, the situation on the ground is totally different from what is inferred as the reality. At the operational level, these factors continue to put pressure on the department's role and are something that is to be considered so that the department's operational capabilities are not undermined.

- *Both districts, Nadi and Lautoka's main source is Nagado Treatment Plant*
- *There is not enough intake from Nagado*
- *The urban and peri-urban drift has somewhat increased the domestic demand likewise the industrial zones.*
- *Leakages in the water mains*
- *Increase in the illegal connections*
- *Valve operations at various reservoirs had to be conducted to ensure a consistent supply for the next day.*

26.13 Revenue Collection and Arrears

Chief accounting officers are personally responsible for the prompt collection of all revenue under their control and for the prompt submission of bills in respect of services rendered by government.¹⁵

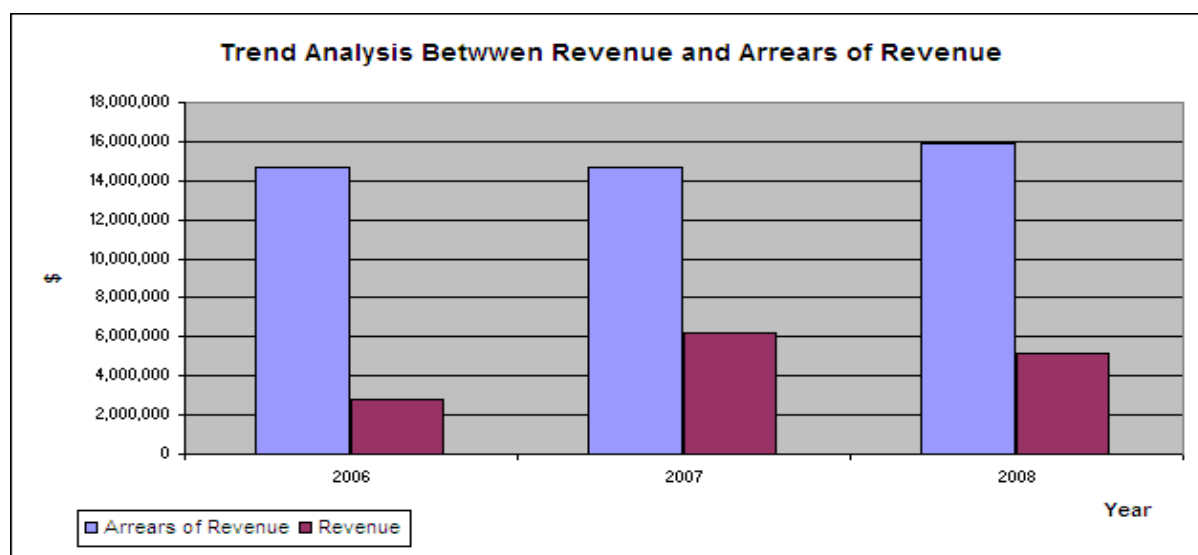
A large number of consumers failed to pay their water and sewerage charges on time. As a result the arrears of revenue have increased over the years. Refer to Table 26.7 below for details.

TABLE 26.7: ANALYSIS OF REVENUE COLLECTION AND ARREARS

Year	Revenue Collected \$	% Change in Revenue Collection	Arrears of Revenue \$	Arrears Increases by \$	% Change in Arrears
2006	2,822,388.98		14,664,349.86		
2007	6,241,246.84	121.13	14,690,023.90	25,674.04	0.18
2008	5,187,868.68	(16.88)	15,885,971.52	1,195,947.62	8.14

The table shows that the revenue collection in 2008 decreased by \$1,053,378 or 16.9% compared to 2007, whereas arrears of revenue in 2008 increased by \$1,195,948 or 8.1% compared to 2007.

The graphical illustration below shows the trend analysis between total revenue collected and arrears of revenue for the past three years.



The above illustration shows the increasing trend in the arrears of revenue in 2008 compared to 2006 and 2007.

The audit findings indicate the Department's failure to instigate appropriate debt recovery actions against the debtors. Unless positive action is taken immediately, the debt will continue to escalate and value for money will not be achieved by Government on its water and sewerage infrastructural development.

¹⁵ Section 114 (1) – Finance Instruction 2005

Recommendations

- The Department should ensure that all debts are strictly pursued in accordance with the guidelines prescribed in the Finance Instructions.
- Collection procedures should be reviewed with drastic measures taken on those consumers who fail to clear their current charges.

Department's Comments

The main drawback back here in previous reports is that those involve in disconnection and reconnections are all temporary workers. They can only be recruited when the funds are available. Funds are normally received in May- July.

26.14 Consumers Failing to Honour Arrangement

Chief accounting officers are personally responsible for the prompt collection of all revenue under their control and for the prompt submission of bills in respect of services rendered by government.¹⁶

The “arrangement policy” allow the consumers to clear off their arrears with a specific timeframe laid down by the Water Rates Office.

A total of 309 consumers are under the arrangement programme of the Department. These customers make arrangements on how much they will be paying either weekly or fortnightly to clear their arrears with the Department. Refer to Table 26.8 below for details.

TABLE 26.8: CONSUMERS UNDER ARRANGEMENTS

Type of Consumer	No. of Accounts under Arrangement
Commercial	125
Domestic	179
Government	6
Total	309

Some consumers however have failed to honour their arrangements. Refer to **Appendix 26.3** for details.

Failure of the consumers to honour the arrangement made and clear their arrears will increase arrears of water rates owed to government. Hence, unless the department takes immediate debt recovery action, the debt will continue to increase in future.

This issue has been reported in previous years Auditor Generals Report, yet no action has been taken by the Department.

Recommendations

- The Department should review the arrangement made and carry out disconnection if the need arises on customers who fail to honour their arrangement.
- Concerted effort should be made to collect the arrears and a review of the debt recovery procedure should be conducted.
- The department should ensure that Finance Instruction 114 is strictly complied with.

¹⁶ Section 114 (1) – Finance Instruction 2005.

- **The Department should maintain an Arrangement Register to record customers who have made arrangement to clear their debts. These arrangements should be approved by Accountant.**

Department's Comments

The section is now reviewing its arrangement from 2007 and those who do not honour such arrangement will have their meters disconnected and no further undertaking will be entertained.

26.15 Excessive Hire of Vehicles

Officers responsible for expenditure should at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.¹⁷

The Department engaged twelve companies to provide hired vehicles in 2008 as detailed in Table 26.9 below.

TABLE 26.9: COMPANIES FROM WHERE VEHICLES WERE HIRED

Company Name	Total Amount Paid as at December \$
Mataika Transport	96,342.24
Armogam General Carriers	71,418.59
Dauvakatini Development Company	9,659.67
Highway Clippers	34,378.10
Amars Digging	90,570.22
Jemesa Kalou Development	19,598.97
Evere Investment	14,609.34
Senior Cargo Haulage	20,917.70
Camavuto Investment	6,907.82
Dig-Mach	3,027.50
Friendly Taxis Tours	3,715.00
Good Home Builders	17,400.58
TOTAL	388,545.73

The above table shows that the Department utilized \$388,546 in 2008 solely for the hiring of private vehicles, which is considered excessive and it appeared that they were hired without any regard to economy.

Recommendation

The Department should prepare a cost benefit analysis and liaise with Ministry of Finance in purchasing vehicles rather than hiring private vehicles.

Department's Comments

It must be noted that all the 4x4 Mitsubishi Twin Cab bought by the Ministry of Finance were distributed to the Department of Works and the Department of National Roads. Out of the 14 twin cabs, none was given to the Department of Water, hence, the option to hire.

¹⁷ Section 18 – Finance Instructions 1982

The Department is aware and concerned of the cost involved and has issued an instruction to all depots that mileage limit for the day is 150km for all private hire. Further to that, no private hire will be engaged after 5pm. This is strictly monitored.

DIVISIONAL ENGINEER – NORTHERN

26.16 Recruitment of Project Officers

Employment decisions in the public service are made without patronage, favouritism or political influence, and appointments and promotions are made on the basis of merit after an open, competitive selection process.¹⁸

In 2007, the recruitment committee comprised of the former Acting Divisional Engineer Water and Sewerage- Mr. Timoci Turaga, Executive Officer- Mr Raghwa Nand and the suspended Leading Hand Pipe Layer- Mr. Shiu Naidu.

Audit noted instances where relatives of the staffs working for the Division were recruited as project officers in 2007 and 2008. Refer to Table 26.10 below for details.

TABLE 26.10: RELATIVES OF DIVISION STAFFS RECRUITED AS PROJECT OFFICER

Employee Names	Post	Name of Relative Recruited	Relationship	Station
Timoci Turaga	Former DENWS	Timoci Turaga	Adopted Son	Leak Detection
Raghwa Nand	Executive Officer	Chinaman Gounder	Wife's Niece as confirmed by Raghwa	Assistant Clerk-Accounts Section
Mereoni Tuimuru	Clerical Officer	Kavaia Tuimuru	Husband. Verified with Registrar of Births and noted that the marriage certificate had not been registered.	Sewerage
Timoci Sagiwa	Clerk	Akata Kainona	Wife	Assistant Clerk-Accounts Section
Tomasi Vuniwai	Leading Hand Plumber	Daniel Vuniwai	Son	Temporary Labourer
Rt. Penioni Kauvere	Leading Hand Pipe Layer	Tikiko Korocawiri	step son	Temporary Labourer
Krish Chand	Rural Water Officer	Nilesh Chand	Son	Stores
Mohammed Shah	Leading Hand Pipe Layer	Nadeem Shah	Son	Temporary Labourer

This indicates gross and obvious nepotism where relatives of employees of the Division were recruited and setting a precedent for corrupt practices. Where recruitment is not based on merit, productivity is destined to be compromised.

Recommendations

- **Disciplinary actions should be instigated against the recruiting officers.**
- **The Department should review the Recruitment Committee on a quarterly basis to avoid such incidence.**

¹⁸ Public Service Act 1999, Part 2, Section 4(2)

Department's Comments

Timoci Turaga Junior was recruited as a Trades Assistant in the Leak Detection Unit through a formal interview in 2003. He was recruited based on his qualifications. Since 2003 he had been engaged as a casual employee at the beginning of the year, terminated at the end of the year and then reengaged at the beginning of the following year as and when funds are available till 2007. He has since moved on to join the ADB funded Suva/Nausori Water Supply & Sewerage Project Management Team as a Technical Assistant in 2008.

Chinammanna Goundar was recruited in 2003 as an Assistant Clerk in our Accounts Section. Her selection was done through a formal interview where her selection was purely based on merit having achieved passes in Form 6 and Form 7 and attainment of a Diploma in Business Accounting from FIT.

Mereoni Tuimuru's husband Kavaia Tuimuru was already working with the Sewerage Section in Labasa from 2000 when Mereoni was transferred from the Ministry to Water Supply in 2005. Mereoni started work with the Ministry in 1996. There is no evidence in this case to substantiate claims of nepotism or favoritism by Mereoni Tuimuru for her husband's recruitment.

Akata Kainona started work at Water Supply in 2003 as a Clerical Assistant on a casual/temporary basis. At that time Timoci Sagiwa was already working. Akata was engaged as a casual employee engaged every year when funds are available up until 2008. The two met while working in the Department. However, her re-engagement subsequent to their marriage was not in any related or effected by their relationship. Her engagement was based on her performance and the fact that she had a casual employee of the department since 2003.

For the rest (i.e Daniel Vuniwai (5 years), Tikiko Korocawiri (6 years), Nilesh Chand (2 years), and Nadeem Shah (5 years)), these people have been casual employees for the department for some years as indicated above and were engaged as labourers in various projects over these years when funds were available. The MQR for a Labourer is Form 4 pass which qualified them. The experience that they have gained working with the department has qualified them to be reengaged in subsequent years right up to 2008. Selection is done based on their years of service and recommendations from their supervisors.

As recommended, reviews of the Recruitment Committee will be carried out this year on a quarterly basis

26.17 Incomplete Rural Water Project – Drainivuqa Settlement

Accounting officer 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.¹⁹

Audit through site visit noted that the rural water project at the Draunivuqa settlement in Bua was incomplete. However, in the monthly report (week ending 31/12/08), the project was stated as 100% completed. Refer to the illustration below.



Incomplete generator shed



Generator lying under one of the houses.

¹⁹ Section 18 – Finance Instruction 2005

The Officer responsible confirmed that this project will be completed in 2009 depending on the release of funds from the Headquarters. As at 31/12/08, total expenditure for this project amounted to \$17,315.35 against a budget of \$32,420.

Lack of supervisory checks and monitoring by the Divisional Head has resulted in incorrect status recorded in the monthly report. Also late release of funds has resulted in project not completed within the year.

Recommendations

- The Department should ensure that projects are completed as planned.
- The Divisional Head should monitor the progress of the projects together with the supervisory checks on the disbursement of funds.

Department's Comments

The generator shed was completed this year. The only work that was not completed from last year was the cladding of the generator house walls with corrugated iron due to time constraints. The corrugated iron sheets were purchase last year. The settlement received water from the day the scheme was commissioned in December 2008 till to date.

Further OAG Comments

During the exit meeting on 14/09/09, the Permanent Secretary requested for further checks on this issue to be carried out by the Department

26.18 Delivery of mPVC Pipes

Upon receipt of the goods, services or works, the receiving officer shall verify that their receipt is in good order and that the invoice is in accordance with the Local Purchase Order.²⁰

Audit noted the following irregularities in the delivery of 375 dia mPVC series pipes:

TABLE 26.11: IRREGULARITIES IN THE DELIVERY OF MPVC PIPES

Voucher Date	Cheque No.	Details	Amount \$	Remarks	Tally Card Verification
04/12/08	728425	R.C.Manubhai- Partial payment for the supply of 375 dia mPVC series pipes for Labasa Water Supply as per MJTB P16/07.	387,290	A memo dated 27/11/08 by Mr.Suresh K (Acting STO) advised PAO about the partial payment. He stated that a total of 775 lengths pipes had been received by Labasa Water Supply but there was no written confirmation from Labasa Water Supply that the items were received.	The Tally card did not show that the items have been delivered and received on this date (27/11/08).
29/12/08	729055	R.C.Manubhai- Being full payment of 100 lengths of 375 dia mPVC pipes for	117,603	A memo dated 09/12/08 by Mr.Suresh K advised PAO about the partial payment.	A memo dated 09/12/08 by Mr. Aminiasi E. advising that 100

²⁰ Section 2.5.14 – Finance Manual 2005

Voucher Date	Cheque No.	Details	Amount \$	Remarks	Tally Card Verification
		Labasa Water Supply		He stated that 100 lengths had been delivered and received by Labasa Water Supply.	lengths of pipes had been received. Tally card was verified and only 75 lengths of pipes were taken on charge and not 100 lengths as stated in the memorandum.

Satisfactory explanation on the delivery of these mPVC pipes could not be provided by the storeman and the Accountant.

Such irregularities increase the risk of theft or misappropriation of stores.

Recommendation

The Department should carry out an investigation to ascertain the validity of the delivery of these mPVC pipes.

Department's Comments

Storeman has confirmed that all pipes were received. Due to lack of staff in our stores last year and the delivery of the mPVC pipes towards the end of the year the Labasa Central the Stores was inundated with other deliveries mostly project items and did not have time to regularize the delivery dockets to the Tally Cards. This was carried out this year after the Audit was carried out.

To ensure that such incidences do not occur this year we will be recruiting storemen dedicated to look after all capital project works purchases and regularization of all necessary documentations by the end of the year. An independent internal investigation will, however be carried out to ascertain the validity of the delivery of these mPVC pipes as recommended.

Further OAG Comments

During the exit meeting on 14/09/09, the Permanent Secretary requested for further checks on this issue to be carried out by the Department

26.19 Failed Project for Benau Water Treatment Plant

Officers responsible for expenditure should at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.²¹

The Benau Water Treatment Plant was constructed based on the recommendations made in the 1996 Master Plan by Sinclair Knight Merz Consultant. The construction was carried out in 1999 by Sophora Water (NZ) Limited at a cost of \$3.20 million (VEP).

The Plant was pre-fabricated and assembled on site. Under the production mode, the plant was designed to produce 10,000 cubic meters of treated water per day to serve approximately 50,000 people.

²¹ Section 18 – Finance Manual 2005

Since the completion of the Benau Water Treatment Plant in 1999, the plant has ceased to operate normally due to problems which were not known at the time of commissioning. As a result, the Plant is standing idle with little effort is being undertaken to rehabilitate it.

A report was prepared (after site visit on 20-21/05/08) by the Sinclair Knight Merz engineers highlighting the following issues in regards to the packaged treatment plant:

- a) Since the construction of the water treatment plant, it had not operated due to unknown problems.
- b) Several actuated butterfly valves have been removed over the years to undergo servicing to eliminate the problems but there has been no improvement.
- c) The water treatment plant is fully automated and there could be numerous factors to consider from mechanical, electrical or electronic problems.

Refer to the photographic illustration of the Benau Water Treatment Plant.



Entrance to Water Treatment Plant



Idle Tank



Inside the central control system



Pressure sensors, flow meters and level sensors



Idle generator to be taken to Taveuni Depot



Gas cylinders to be taken to Taveuni Depot

Such findings indicate that proper investigation, survey, design and documentation process were not carried out prior to the construction of the Treatment Plant. As a result, the Plant has ceased to operate normally, indicating wastage of the tax payer's funds.

Failure of the project has also compromised Governments role in providing better essential services to the public.

Recommendations

- The Department should provide an explanation as to why the reservoir was not able to operate since 1999.
- The Department's Project Engineer should be held responsible for the failure of this reservoir project.
- Also the Department should review the problems facing the reservoir and take necessary action to address them.

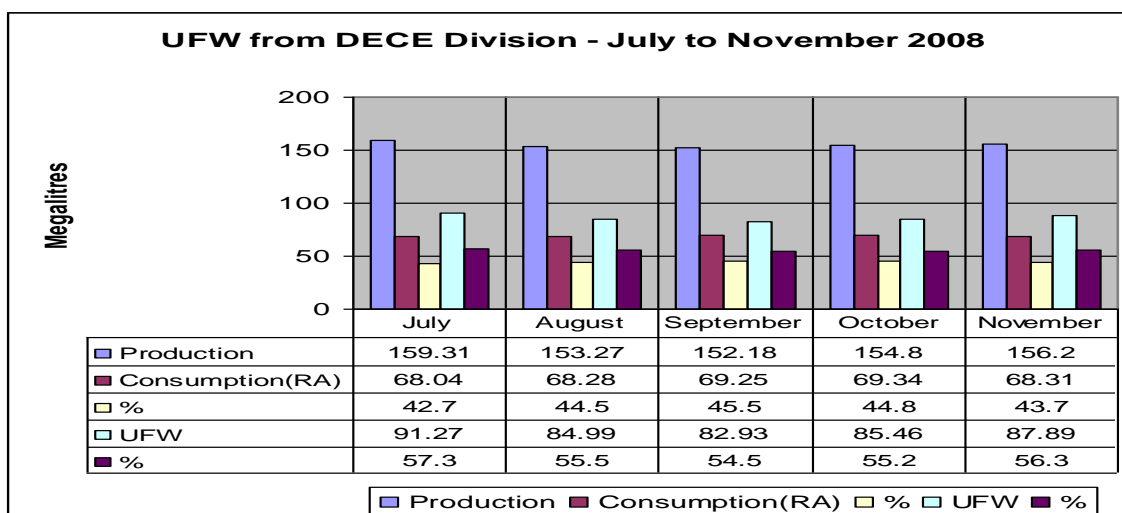
Department's Comments

During the exit meeting on 14/09/09, it was commented by the Department that the company involved with this project went into liquidation. As there are no local experts, the problem with the system could not be fixed.

DIVISIONAL ENGINEER – CENTRAL / EASTERN**26.20 Unaccounted Water**

It was confirmed that SWS will make every effort to reduce the unaccounted for water (UFW) in order to keep the water supply system efficient.

Audit noted high rate of unaccounted for water for the Walia/Deuba region. More than 50% of the water is unaccounted for in each month. Refer to the graph below for unaccounted for water (UFW) for the months July – November 2008. The other month's data was not provided by the Suva Water Rates Office (SWRO) to the Suva Water Supply Senior Engineers to compile a report.



The above graph shows the increasing trend in the production of water and the increase in UFW. The increase in both, production and UFW is of the same proportion (approx.). Despite the increase in production and UFW, the consumption remained static.

The reasons given for the high rate of UFW are as follows:

- customers supplied with water without installed meters,
- illegal connections,
- undetected leakages in the water pipeline system.

The above finding is an indication of the inability of the Department to minimise the leakages and the volume of unaccounted water, even with the pipeline upgrading.

Recommendations

- The Department should review the current situation of unaccounted water caused by leakages, theft, inaccurate metering and other causes.

- **The Department should identify measures to reduce or prevent loss of treated water and reduce unaccounted for water.**

Department's Comments

The Water Supply Department acknowledges that the UFW for the Suva/Nausori Water Supply (SNWSS) system currently sits at 50.55%. Addressing UFW is not a short term issue; the attached graph showing the longer term trend for shows a downward trend that appears to be continuing.

Mains replacement is only one of the ways of addressing UFW. Mains replacement is typically 3-4km per year out of more than 800km of mains. In addition to carrying out mains replacement, the SNWSS has a very active leak detection unit that is searching for those leaks that are not reported by the public (over 4,000 leaks located & repaired last year)

The department is looking at other components of UFW, other than leakage, very seriously to examine ways of accelerating the downward trend in UFW. Areas under consideration at the moment are within the meeting system.

26.21 Abuse of Departmental Warrant (DW)

On receipt of a departmental warrant, the accounts officer must regulate the expenditure of the requesting agency so as to avoid the premature exhaustion of the amount of the warrant.²²

An employee must behave honestly and with integrity in the course of employment in the public service.²³ In addition, an employee must use Government resources and assets in a proper way.²⁴

The Department of Energy issued a Departmental Warrant (No. 10/08) of \$5,211.35 to the Hydrology Section for the installation of a hydro monitoring station in Masi village, Serua.

However, audit noted that only \$374.10 was utilised for this project, with the reminder used for the procurement of computer accessories from Bondwell Computers by the Acting Senior Hydrologist, Mr. Hermant Kumar Charan.

The following irregularities were noted in the procurement of computer accessories:

- Items were delivered on Saturday, 03/01/09. These items were not taken on charge in the Stores.
- Payments were made on proforma invoices without the original copies submitted to the accounts department as per schedule of billings records.
- Out of the two mother boards purchased, audit was able to locate one new and one old motherboard on Monday (23/02/09). Interestingly, on Tuesday (24/02/09), there were three mother boards, indicating that another new mother board was brought to the office overnight.
- Internal DVDewriter LG 22x was brought from Mr. Hemant Kumar Charan home on Tuesday (24/02/09) at 1.30pm as confirmed from the vehicle (GN137) running sheet.

The Acting Senior Hydrologist revealed that there was no storeman present in the stores; however, audit noted that a storeman was present at the time of the delivery.

²² Section 2.5.24 – Finance Manual 2005

²³ Section 1 – Public Service Code of Conduct

²⁴ Section 8 – Public Service Code of Conduct

The above indicates the breach of the departmental warrant requirements as funds were utilised for other purposes than it was intended for. Also the above irregularities indicate that the Acting Senior Hydrologist had misused the stores for his personal use.

Recommendations

- **Disciplinary action should be instigated against the Officer responsible for breaching the DW requirements, and using the stores for personal gain.**
- **The Department should ensure that DW funds are used only for its intended purposes.**
- **Public Service Code of Conduct should be strictly complied with at all times.**

Department's Comments

The first query raised was that the items were delivered on Saturday 03/01/09. According to the delivery invoices, the date was 31/12/08.

The items were not taken on charge in the stores because Mr. Hermant went on his own to pick the computer item, his reason is that the stores were closed. The stores couldn't possibly be closed. It was certainly open from morning till late night since it is the last day of the year, whereby all outstanding payments have to be cleared.

Payments were made on Proforma invoices. Mr. Hermant said that the original invoices were given to the main office but according to our accounts section they did not receive any invoice from him. Mr. Hermant fails to produce the dispatch book by which the original was dispatched to the main office.

On the issue of the mother board, according to Mr. Hermant the investigating officer Mr Ashneel Prasad was fully satisfied with the items bought by the Hydrology section Mr. Hermant actually showed Mr Ashneel the two mother boards and the five internal DVD writers.

According to Mr. Hermant, in computer fields, they do back up in their official (hydrological) data and keep it in a safe place in the vent of disasters such as fire, cyclone or even theft, the back up date is made available. In this respect, they make 2 back up copies of date (since hydrology deals with historic data) and so a copy is in the office and another is kept safe at home.

Also according to Mr. Hermant, he went to his home to get the back up CDs for the hydrology section data, and the operating system (vista CDs). The operating system CDs (vista) was new and they planned to install it after the upgrading is completed

The scandal IT officer, Joseva Durusolo together with Mr. Hermant in the presence of the investigating officer, verified the operating system and found that it was working. The upgrading of their computer accessories was carried out in timely fashion since both Rewa and Navua. Telemetry were also upgraded at that time, all items purchased last year were fully utilized. All their computers are running well now, well networked and now ready for useful purpose such as flood forecasting etc.

The Department of Energy Project

Department of Energy gave \$5,211.35 to the hydrology section for the installation of the hydro monitoring station in Masi village, Serua. According to Mr. Hermant, all materials were bought with the exception of sand, Gravel and cement. These materials couldn't be supplied because the suppliers of cement (Govt. supplies) and suppliers of sand and gravel (K. Lal) don't have any stock. A letter was also written by our A/DEWS Mr. Tomu Ledua on 25/02/09 to the Director of Energy in regards to the updates of the projects. A list of materials bought is attached herewith in appendix no. 2 and 3.

In conclusion to the query 7.1.2, Mr Hermant was so desperate in late December to upgrade his Navua and Rewa telemetry system because his New Zealand counterparts would be in Fiji the same week to mobilize the system.

For this reason he purchased the computer parts with the majority of Masi Village project allocation and purchased the Masi Village Project with funds he saved from the Rewa flood forecasting system allocation, as approved by the Divisional Engineer. (copy of approved memo sheet no. 4)

Job No.	Description	Allocation \$	Expenditure \$
14110141999536101	Masi Village Project	5,211.35	5,105.06
141202958790899901370812	Rewa Flood Forecasting	31,111.00	31,110.95

26.22 Failed Energy Generated Project

Officers responsible for expenditure should at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.²⁵

In 2001, a gas Digester at the Kinoya Sewerage Treatment Plant was modified by installing an aluminium dome roof. In addition, 2 gas belts were installed to supply gas for the Digester to produce methane gas which is used to generate electricity. Also a generator to connect the Digester to the gas belt was to be installed; however, this did not eventuate.

As at 31/12/02, the total expenditure incurred for the Digester amounted to \$115,137.13

Audit visit to the Kinoya Sewerage Treatment Plant on 26/02/09 noted that the Digester is not producing any energy and the 2 gas belts are rusty and lying idle at the Plant yard.

Refer to the photographic illustration below.



The aluminium dome roof Digester



The corroding 2 gas belts

After the termination of Mr. Geoff Green (former Principal Water Engineer), who was the initiator of this project, the project discontinued.

Such findings indicate that no proper planning and preparatory research work was carried out prior to the design and installation of the gas belts and modification of the digester, resulting in the project failure.

Failure of the project indicates wastage of taxpayer's funds.

Recommendations

- **Proper planning and preparatory research work should have been conducted before modification to the digester and installation of the gas belt commenced.**

²⁵ Section 18 – Finance Manual 2005

- **A feasibility study should have been done to determine the economic viability of the project.**
- **The Department should take action against the engineers responsible for this failed project.**

Department's Comments

The above is not a total failure. In the Argumentation IV ADB loan, another digester will be constructed. In the ADB carbon credit scheme, the ADB will provide funds for the above mentioned project.

As 80% of the works is completed, it is assumed that the above project will be completed. As far as the former Project Officer is concerned, and the continuation of the project, management in Head Quarters should answer it better. We carry out operations and maintenance only. Large projects such as this are carried out by Head Office.

26.23 Non – Operation of Belt Press

The Belt Press at the Kinoya Sewerage Treatment Plant was constructed in 2005 by Robt Stone Company (New Zealand) Limited at a cost of \$NZ509,621. This Belt Press was constructed to assist the drying beds for drying the sludge (human waste).

Audit noted that the Belt Press has not been operating since 2007 due to a technical fault. As a result, the Belt Press is standing idle with little effort to repair it.

Refer to the photographic illustration below.



The Belt Press



The Belt Press from another angle

Lack of maintenance has resulted in the non-operation of the Belt Press with no expert (Local) available to repair it. The defective liability period for the contract expired in 2007.

The above indicates that the Department failed to carryout the project effectively, resulting in the wastage of taxpayers funds.

Recommendations

- **The Department should review the problems to the Belt Press and take necessary action so that it's operational.**
- **Action should be taken against the responsible officer(s) of this project.**

Department's Comments

The Belt Press was in operation daily since commissioning. From early 2006 we could not operate the Belt Press due to the power supply cable failure. At the same time the PLC commends failed and the belt alignment was out.

Work orders were given to the National Pump Centre to carry out repairs.

Another reason why we did not concentrate on the Belt Press operations was that we were unable to retrieve the Flygt mixers from the digester, which is an integral part of the Belt Press Operation.

Also the Drying Beds were used for the same work that was convenient.

In any case having a Belt Press setup is important during unfavorable environment and allows the removal of phosphorous rich sludge.

HEADQUARTERS

26.24 Conflict of Interest

An employee must not make improper use of the employee's duties status, power or authority in order to gain, or seek to gain, a benefit or advantage for the employee or for anyone else.²⁶

An employee must disclose and take reasonable steps to avoid any conflict of interest (real or apparent) in connection with employment in the public service.²⁷

The Department of Water and the Ministry of Works had awarded some catering jobs to Leahlangi Cakes & Catering Services in 2008 amounting to \$5,025 for which no quotations were obtained.

Enquiry with the Registrar of Companies revealed that Leahlangi Cakes & Catering Services, located at the Western Mini Bus Stand, Stinson Parade, Suva, is owned by Ms. Lowata Disovanatabua, the Secretary to Acting Director – Water and Sewerage.

Refer to the Tables 26.12 to 26.14 below for details of expenditure.

TABLE 26.12: PAYMENTS SOURCED OUT FROM MINISTRY OF WORK'S HQ ALLOCATION

Date	Vendor	Details	Cheque No.	Amount \$
01/12/2008	Leahlangi Cakes & Catering Services	Being payment for providing morning tea/lunch for Management staff	866362	525
17/12/2008	Leahlangi Cakes & Catering Services	Being payment for catering for Accounting Heads meeting at DECE	866582	600
13/02/2009	Leahlangi Cakes & Catering Services	Being payment for morning tea and lunch for Personnel officers' meeting on 12/02-13/02/2009	867111	1,600
17/02/2009	Leahlangi Cakes & Catering Services	Being payment of catering for launching of Ministry's Corporate Plan	867146	2,000
Total				4,725

TABLE 26.13: PAYMENTS SOURCED OUT FROM DECE WORKS ALLOCATION

Date	Vendor	Details	Cheque No.	Amount \$
17/03/09	Leahlangi Cakes & Catering Services	Being payment of catering	654361	100
Total				100

²⁶ Section 6 (10) – Public Service Act 1999

²⁷ Section 6 (7) – Public Service Code of Conduct

TABLE 26.14: PAYMENTS SOURCED OUT FROM DEPARTMENT OF WATER HQ ALLOCATION

Date	Vendor	Details	Cheque No.	Amount \$
12/02/09	Leahlangi Cakes & Catering Services	Being payment of catering	729665	200
Total				200

In addition, the following anomalies were noted:

- Leahlangi Cakes & Catering Services were charging VAT despite them being not a VAT registered company.
- No invoices were attached to the vouchers for the payments made to Leahlangi Cakes & Catering Services.

The Director Administration and Finance usually endorsed the payments before being forwarded to the accounts section for processing.

The officer, failed to disclose her interest in the company, resulting in the Department awarding catering services to Leahlangi Cakes & Catering Services. Also lack of supporting documents such as invoices could lead to fictitious payments.

Recommendations

- **The Department should investigate the purchases from Leahlangi Cakes & Catering Services and take appropriate actions.**
- **In respect of conflict of interest, the Department should strictly comply with the Public Service Act at all times.**
- **All supporting documents should be attached to the payments vouchers and made available for audit verification.**

Department's Comments

- *Leahlangi Cakes & Catering did not charge VAT as alleged. They charged a flat rate, however during the payment process our Ministry had been charging VAT as part of the normal process in payment.*
- *There were sufficient invoices submitted for the purpose of proceeding with payments.*
- *The officer has now registered her interest.*

The Ministry has noted with concern the above allegation and in line to your recommendations has taken steps not to entertain any more catering due to the conflict of interest. All documents have been verified with the payment vouchers. The Ministry has also taken a proactive step in the supervision of the officer to eliminate any involvement during official hours.

26.25 Non-Operation of Levuka Water Treatment Plant

For good accounting practice, Officers responsible for expenditure should 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 Levuka Water Treatment Plant has not been operating for the past ten years. The major factors contributing to the non operation of the plant as addressed (memorandum dated 08/11/05) by Mr. Timoci Turaga to Divisional Engineer Central/ Eastern are as follows:

- the design of the plant was incomplete due to the non existence of calculations for the hydraulic processes and the integral components.
- the treatment plant did not follow normal design process or the prerequisite approval systems. As a result the project reached the construction stage without the basic Drawings, Documentation and Descriptions of parts or Operating Instructions.

The Acting Supervisor Higher Grade through the field visit from 10/09/08 to 12/09/08 noted the following critical issues that need to be addressed:

- additional upgrading works required to the treatment plant; and
- chlorination of Waitovu Water Supply.

The current Engineer revealed that the delay in upgrading works at the treatment plant was due to the late release of funds from the Ministry of Finance. As at 31/12/08, the Department has committed \$86,684 for the chlorination of the Waitovu Water Supply. Refer to Table 26.15 below for details.

TABLE 26.15: TOTAL EXPENDITURE COMMITTED AS AT 31/12/08.

Expenditures	Amount Committed \$	Remarks
Upgrading of Chlorinator House	24,700	Materials have been procured. Refurbishment works awaited the execution of activities 2 to 4.
Procurement of Chlorinator Equipment	37,100	Equipment has been procured.
Installation of Service Main by PWD – Electrical Section to Facilitate Power Supply	10,337	Components to facilitate receipt of Electricity Supply have been installed. All works were completed at the end of February 2009.
Extension of Power Supply by FEA to Waitovu Chlorinator House	14,547	Power Supply has been extended to chlorinator house. FEA completed works at the end of February 2009.
Total	86,684	

The above indicates that no proper planning and preparatory research work was carried out prior to the design process of the Water Treatment Plant which eventually led to wastage of taxpayers monies as it is not operational.

Recommendations

- **A feasibility study should have been done to determine the economic viability of the project.**
- **The Engineer responsible for the project should be disciplined for the failure of the project.**
- **All entire future projects of the Ministry should be closely monitored at each phase.**

Department's Comments

No comments received.

AUDIT FINDINGS – DEPARTMENT OF ENERGY

26.26 Agency Financial Statement

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.²⁸

In addition, each agency must include the following statements in its annual financial statements:²⁹

- (i) statement of receipts and expenditure;
- (ii) statements of output costs;
- (iii) an appropriation statement;
- (iv) a statement of assets and liabilities;
- (v) notes to the statement of assets and liabilities;
- (vi) a statement of losses;
- (vii) a trust account statement of receipts and payments (where applicable)

The Department of Energy submitted its financial statements (consolidated with Department of Water & Sewerage) for audit on **14/04/08** 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 has grouped its expenditures into 1 Statements of Output Cost whereas the Budget Estimates prescribes 5 outputs.
- The amounts in the Statements of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Department under each output.
- The Department failed to provide the Trust Fund Statement of Receipts and Payments.

The above issues will be used as basis of qualifications of the financial statements.

Recommendation

The Department should ensure that the requirements of the Finance Instructions 81 & 82 are strictly followed in the preparation of the Financial Statements.

Department's Comments

Your recommendations have been noted and we will ensure the requirements are followed. The AFS for DoE was completed and submitted to the Principal Accounts Officer Public Utilities who were responsible for consolidating and then submitting it to your office.

²⁸ Section 81 (3) – Finance Instructions 2005

²⁹ Section 82 (1) – Finance Instructions 2005

26.27 VAT Records

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.³⁰

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.³¹

A review of VAT Returns and supporting documents carried out during the audit revealed an un-reconciled balance of \$54,769.55 between the taxable supplies as per VAT Return and the total income/expenditure as per the Statement of Receipts and Expenditure. Refer to Table 26.16 below for details.

TABLE 26.16: UNRECONCILED VAT BALANCE.

Details	Amount \$
Total expenditure/income as per Expenditure Statement	6,580,274.16
Less: Expenditure not subject to VAT – SEG 1,2, 6 and 10	5,824,071.35
Total expenditure/income subject to VAT	756,202.81
Less: Total taxable supplies as per VAT Returns	701,433.26
Un-reconciled variance	54,769.55

In addition, a difference of \$76,639.37 was noted between the actual VAT payments for the year 2008 and the balance disclosed in the general ledger as reflected in Table 26.17 below.

TABLE 26.17: VARIANCE IN ACTUAL VAT PAID AND FMIS BALANCE.

Details	Amount \$
VAT payments (VAT payments to FIRCA and VAT Input) as per Statement of Receipts and Expenditure	91,980.71
VAT payments (VAT payments to FIRCA and VAT Input) as per VAT Returns for 2008	21,341.34
Un-reconciled variance	76,639.37

The Department could have avoided the above variances had they been more vigilant and proper supervisory controls were in place.

Recommendations

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

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

³¹ Finance Circular No 9/95

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

Department's Comments

Your recommendations have been noted. The Department variances will be verified and reconciled with the GL reports and necessary adjustments will be undertaken.

26.28 Operating Trust Fund Account

Trust Fund Accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, Trust money is to be accounted for separately from public money and other money,³² and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.³³

Moreover, each month, the trust account shall be balanced and reconciled to the trust the trust bank account. The names and balances of each account shall be listed and the reconciliations shall be signed by the responsible officer. Un-reconciled items should be investigated and resolved promptly.³⁴ Each year, a statement of receipts and payments shall be prepared for audit and inclusion, when required, in the agency's annual report.³⁵

Audit noted that the Operating Trust Fund Account balance as at 31/12/08 as per the Department's record did not reconcile with the Financial Management Information System (FMIS) records. Refer to Table 26.18 below for details.

TABLE 26.18: VARIANCE IN OPERATING TRUST FUND BALANCE.

Details	Balance \$
FMIS Figure	58,953.15
Department's Record	65,888.80
Variance	6,935.65

The Department failed to provide reconciliations for the Operating Trust Fund accounts to audit. Without proper records, the accuracy of the trust fund account balances could not be authenticated.

Recommendations

- **The Department should provide explanation for failing to prepare and provide monthly reconciliations for the Trust Fund Accounts.**
- **Also the Department should ensure that monthly Trust Fund Account reconciliations are carried out in accordance to section 69 of the Finance Instruction.**
- **The Department should investigate and rectify the variance of \$6,935.65**

Department's Comments

The account has always been reconciled on a monthly basis unfortunately there has been a lapse on this particular work and the officer involved has also retired. Upon the officer's retirement, it was noted that most of

³² Section 25 (1) of the Financial Management Act

³³ Finance Circular No. 4/98 of 30/03/98

³⁴ Section 69 (3) – Finance Instruction 2005

³⁵ Finance Instructions Part 9 – 69(3) (4) 2005

the reconciliation work was still pending. In this regard arrangements have been put in place to address the situation.

26.29 Revolving Fund Account – Miscellaneous

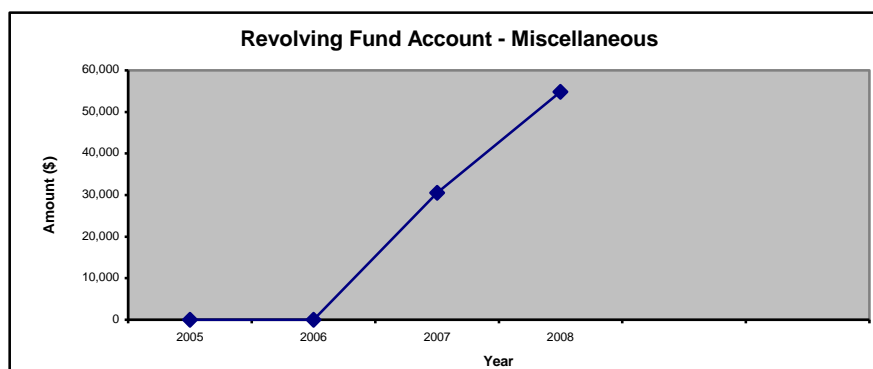
A ledger shall be maintained for advances and revolving fund accounts³⁶. With 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Accounts Supervisor shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.³⁷

The Department's RFA-Miscellaneous balance for 2008 constitutes Prepayments & Advances to staffs, and withholding tax (accounts payable).

The total Revolving Fund Account – Miscellaneous balance as shown in Table 26.19 had increased by \$24,276 or 44% in 2008 compared to 2007.

TABLE 26.19: REVOLVING FUND ACCOUNT – MISCELLANEOUS

Year	Balance \$
2005	---
2006	---
2007	30,577
2008	54,853



The monthly reconciliations for the advances and prepayments were not provided by the Department to audit. Thus, audit could not ascertain the details and reason(s) for the increase in outstanding balance in 2008 compared to 2007.

Recommendations

- The Department should provide explanation for failing to provide monthly reconciliations with the records kept by Ministry of Finance.
- Effort should be made to update the reconciliations.

Department's Comments

Your recommendations have been noted and will be adhered to. The reconciliation will be redone after verification of org i.e. head 40 & 41 with FMIS.

³⁶ Section 16.3.1 – Finance Manual 2005

³⁷ Section 16.3.3 – Finance Manual 2005

26.30 Drawings Account

All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and be signed and dated by the responsible officer.³⁸

In addition, 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.³⁹

The Drawings Account balance as at 31/12/08 as per the Department's record did not reconcile with the Financial Management Information System (FMIS) records. Refer to Table 26.20 below for details.

TABLE 26.20: VARIANCE IN DRAWINGS ACCOUNT BALANCE

Details	Balance \$
FMIS Figure	642,616.32
Department's Record	504,102.55
Variance	138,513.77

The above finding indicate the laxity of the Accounting Head for not ensuring that prompt actions are taken to reconcile the differences between the two records.

Recommendations

- **The Department should investigate and rectify the variance of \$138,513.77 if not rectified; the variance would accumulate each year.**
- **Also the Department should ensure that drawings accounts is reconciled with FMIS records at the end of each month.**

Department's Comments

Your recommendations have been noted, the variance have been accumulated since we went online with FMIS. We did seek assistance from FMIS. The drawings account is the record of payments and receipts that Finance keeps but the department has the payment cash book which is reconciled on monthly basis. The cash book is balanced with the bank statements, payments and the unpresented cheque list.

26.31 Rural Electrification Unit (REU) Projects

The Rural Electrification Unit (REU) of the Department of Energy (DOE) is largely responsible mainly for schemes powered by stand-alone diesel generators and FEA schemes where the electricity supply is from the Authority's national grid. DOE is also involved in other rural electrification projects engaging other sources of energy especially renewable energy like solar, wind, hydro, biogas and biomass.⁴⁰

³⁸ Section 39 (5) – Finance Instruction 2005

³⁹ Finance Circular 21/2007 dated 12/11/07, para 7.4.2

⁴⁰ Rural Electrification Unit – Standard Operational Procedures

Progress Project Report as at 12/12/08 shows that there were immense delays in the implementation of the rural electrification projects. Refer to **Appendix 26.4** for examples.

The rural electrification programme is intended to improve the well-being of the rural dwellers which reflects on Government's ability to provide financial assistance to accommodate the demand for electricity by the rural recipients.

Such delay will exhaust the Department's budgeted cash flows in the preceding years and even affect the welfare of rural community involved in terms of standard of education, health and social well-being.

Recommendation

The REU must ensure that rural electrification schemes are completed in a timely manner to avoid disappointments to the rural consumers.

Department's Comments

The Department of Energy has taken note of the Auditors' findings and comments in regards to the delays in the implementation of Rural Electrification Projects.

However it needs to be high-lighted that there are certain elements involved in the processing of these schemes that are really beyond the Department's control. Some of these elements are listed below:

- 1) Tendering of house wiring (both FEA and diesel schemes) takes a lot of time from Advertisement of tenders to the actual Approval and Awarding of Contracts by the Major Tender Board.*
- 2) The Department has only one officer in the Tender Evaluation Committee and hence recommendations from the Department can be easily vetoed by the Evaluation Committee should the rest of the members decide otherwise without really knowing the background of the electrical contractors in regards to the quality of work and their capabilities to complete and finish the work on time.*
- 3) The Major Tender Board in the past years did not seem to have a definite set time table for meetings plus sometimes the Board did question the Evaluation Committee's recommendations and thus forcing delays in the speedy and timely award of contracts especially if the documents were sent back and forth between the Evaluation Committee and the Major Tender Board.*

At times the Major Tender Board's decision to award jobs to the cheapest bidders / electrical contractors result in the initial contractor failing to complete the works and so initial contracts would have to be cancelled and the works re-awarded to other bidders with new contracts drawn up. Re-submission of request to the Board means reverting to square one again which is time consuming.

At times the Major Tenders Board tend to stall the decisions on awarding the tenders especially if the members were not confident with areas where a lot of technical details and requirements are involved especially in documents like the purchasing of generators.

Another contributing factor to the delays in the processing and implementation of the RE schemes is the time taken to process the release of funds from Ministry of Finance to make the payments to FEA or other organisations for delivery of plants and equipment. Department's understanding is that the FMIS system was introduced to facilitate the speedy processing of requests but the system is proving to be more cumbersome than the manual one that was in use previously.

Delays in the FEA projects were mainly due to the fact that whilst customers pay their 10% contributions to DoE and the Department in turn pays FEA, the Authority (tasked with the responsibility to be self sufficient) focuses more on commercial and industrial projects where her revenues are generated. Rural Electrification works are done according to her set construction program. Concerns in regards to the delays in the construction, completion and commissioning of the RE projects were taken up with the previous line Ministers but little was

done. The current Minister for Works, Transport, and Public Utilities has taken up the concerns with FEA and the Authority is expected to complete all pending works this year – 2009.

Thus as much as the Department does her best to fast track the processes and implement rural electrification schemes in a timely manner, there are certain factors in the process that are beyond the Department's jurisdiction and control, and as the Department has pointed out in the previous years, our customers (whom we claim to serve as civil servants) are the ones who actually suffer the delays, the disappointments and the anxieties at the end of the day.

Rest assured that every possible avenue has been exhausted in the Department's attempt in improving the system and getting the RE projects completed in a timely manner but its overall and lasting success will have to be a concerted effort by all the "authorities" (Public Works Tender Board, FEA, Major Tender Board, Ministry of Finance etc.) involved in the system at the various stages of Government's processing mechanism.

The Auditors' findings and comments are noted with appreciation and gratitude.

26.32 Generators in the Warehouse

Inventory purchasing, storage and recording should be efficiently managed to ensure that there is a sufficient level of inventories when needed, while minimising the cost of holding inventory and the risk of stock becoming obsolete or damaged.⁴¹

Audit inspection at the PWD Walu Bay warehouse noted a number of operational and non-operational generators stored in the yard.

The 21 operational generators on hand were either stored for spare parts, under repairs or awaiting installation. As for the unserviceable generators in the yard, 41 have been recommended for auction while 25 are recommended to be sold as scrap metal. Refer to **Appendix 26.5** for examples.

Discussion with the REU staff confirmed that some generators and assorted parts are more than 10 years old and are uneconomical to maintain.

The recommendation for auction or selling the items as scrap metal reflects on poor planning and weak financial management. Also further delays in disposing these assets could result in the decrease of the disposal value.

Recommendations

- **The Department should liaise with the Ministry of Finance and the Government Supplies Office for the immediate disposal of these generators and other assorted parts at the warehouse.**
- **Procurement of generators should be in conjunction with the warranty period and diesel generator policy requirement procedures so that uneconomical costs of taxpayers' monies are minimized.**

Department's Comments

The Audit officers' findings and comments on the above are noted.

In view of the Auditing Officers' findings and comments the Department of Energy offers the following factors in the hope that the situation surrounding the accumulation of machines (over the years) in the warehouse would be better understood.

⁴¹ Finance Manual, Part 8: Inventory Management

In the initial Rural Electrification Policy which existed in 1974 until the end of December 1992 the diesel generators are owned by Government, and given on loan to the rural communities who wanted electricity. The communities were tasked to pay \$100 every year for the maintenance of the plants. Hence whenever schemes were upgraded and provided with new machines, the old ones were brought back to Suva by the PWD officers.

From 1974 to end of 2004 the Department of Energy was merely facilitating the financial transactions pertaining to the rural electrification projects. All the technical aspects (including the sizing and purchasing of generators) of the rural electrification program was done by PWD's Mechanical and Electrical Sections at Walu Bay. Hence over the 30 odd years of the RE Program, there were different types of brands and makes of generators with various types of engine parts unique to each brand and make bought and used in rural villages and communities. Now some of these gen-sets are obsolete and parts are most difficult to get if not impossible. Thus the need to keep some of the machines for spare parts in case similar machines in the field broke down.

The formulation of the RE Policy was such that the program was and still is customer driven or dependant. Hence the rural communities apply first and then the technicians process the applications (survey, design, and estimate the cost of the necessary works) and then inform the communities of their required contributions. The success of the schemes depends on the communities paying their contributions in full. The policy was based on the principle of partnership where Government and rural communities become partners in funding and sustaining the electricity schemes. The principle of partnership unfortunately did not work because most of the rural communities failed to keep with their part of the deal especially the comparatively very small levies expected of them in order to sustain the upkeep and operations of the schemes.

In the initial stages of the RE program the concentration was on providing the rural communities with electricity lights. Thus each home was provided with just 2 lights and 1 General Purpose Outlet for a radio. Over the years from 1974 to 2004 villages have grown in sizes and also in their various needs of electricity. Therefore in the past years there were schemes that were upgraded because the original generators could not cope any more with the demands of the people. The schemes that were upgraded were given new machines in order to meet the communities' electrical demands and needs. Hence the old generators were returned and kept by PWD in their yard at Walu Bay.

As part of Government's strategy at the time in optimizing its resources and assets, the engines that were recovered from the field were kept so that when similar engines broke down, parts of the gen-sets in the PWD yard were cannibalized to get the engines in the field up and running again.

It is also important to note that there are old schemes and engines still in the rural areas that are yet to be upgraded and hence the possibility of retrieving more obsolete engines for auctioning or being written off do exist. The difficulty here is we cannot force the rural communities to upgrade their schemes if they do not want to or could not afford to, and also due consideration is given to the current situation in which the cost of diesel had significantly risen coupled with the hard economic and financial conditions that the country is experiencing.

The generators earmarked for projects have been delivered and installed in the project sites.

Most of the engines recommended for scrap metal and auctioning were the ones recovered from the field where projects have been upgraded and new gen-sets were provided as replacements. Also as witnessed by the Auditing Officers these machines have been antiquated because they were more than 20 years old and have no more useful life left. Some engines are just beyond repair, others could still be sold as spare parts to those who own personal generators of the same type and make. It is therefore recommended that they be either written off or sold through auction in order to 1) get rid of the existing junk machines in the warehouse and 2) give a realistic figure of the few gen-sets that are repairable.

Recommendations were already made to the relevant Authorities within the Government systems but decisions do seem to take a lot of time.

The Department of Energy is always trying to improve the skills and services of her officers and taking the Auditing Officers' concerns and comments in mind, we shall strive to ensure that once the antiquated machines are written off or auctioned that the present system of managing and recording purchase and storage inventories will be updated, improved, and efficiently managed. The Department has in place a 24/7 security roster system to guard the generators in the warehouse against theft and/or damage.

26.33 Nabouwalu Hybrid Power System Uncertainty

The Nabouwalu Hybrid Power project was established to demonstrate the applicability of Wind/PV/Diesel hybrid power plants as electricity source for provincial centers in Fiji. These centers are typically based around Government Stations that include a powerhouse and small electrical distribution grid to serve surrounding villages as well as small shops, government buildings and hospitals.⁴²

A wind, solar, battery power and diesel hybrid power system was installed at Nabouwalu in Vanua Levu in 1998 by Pacific International Centre for High Technology Research (PICHTR of USA) in conjunction with the Department of Energy. The hybrid power system consists of very high and advanced technology and is considered too complex for a remote location like Nabouwalu.

Such a hi-tech power and complex system needs to be operated and maintained by skilled and experienced personnel appropriately trained in the specific components of the hybrid power supply.⁴³

The end result is that the hybrid power system lacks proper maintenance and its components have progressively failed and irreparable leading to the abandonment of the hybrid power system in 2003. Hence, the Public Works Department has resorted to the traditional diesel generation energy from 2003 to date.

The Department did a detailed assessment in 2006 and part of the assessment was to prepare the tender documents rehabilitation work. CBS Power Solutions prepared a report on the hybrid power system in March 2007 recommending that the system is repairable and to be operated at a cost of about F\$300,000. However, FEA estimated that the overall cost would be about \$1 million while its operation and maintenance costs would be far excessive and inappropriate for a location such as Nabouwalu due to its fewer customers.

In April 2008, the current Prime Minister decided to transfer the Nabouwalu Power Project to FEA but FEA objected that the station was not viable and uneconomical to operate and recommended that the diesel generators is the best solution. However, the Department maintains its stance for CBS Power Solutions to carry out the rehabilitation work.

Government allocates \$440,000 annually for the Nabouwalu Hybrid Power Systems Upgrade but for the past two years nothing has been done because the Major Tenders Board has not made a decision and according to information, it has been passed on to the Public Works Tender Board for approval. The above funds are tied up unnecessarily on an inoperative system and could be better utilised on some other priority areas.

Recommendation

The PWD Tender Board should make an appropriate decision on the future of the Nabouwalu Hybrid Power System in a timely manner in order to utilize the \$440,000 annual allocation.

Department's Comments

The commentary provided in respect to Nabouwalu Hybrid Power System is in order and we appreciate the efforts that have been made in putting the information together. It needs to be noted that for all this time the ownership (on behalf of the Government) and operation of the Government Stations was vested with the Public Works Department, Electrical Section at Walu Bay in Suva. An important issue that has not been reflected on the commentary is the fact that following the commissioning of the project a significant number of personnel

⁴² DOE Annual Report 2003, Section 6.7 Hybrid

⁴³ Report on Nabouwalu Hybrid Power System – June 2008

from the Public Works Department, were trained in terms of the operation, maintenance and repair of the system. Unfortunately, over the years before the system became non-operable, the staffing turn over at the Public Works Department has been very high. This is particularly those staff that had been trained to operate the system. As a result, the operation of the system was being drastically affected.

An important issue that we need to also highlight at this point is that Hybrid Systems is now the answer to remote area power supply around the globe. Over the past five years there has been dramatic improvement in the type of devices / accessories that have been built to support such power systems. The question that now arises is whether we discard all the experiences we have gained over the years and opt for the ever increasing diesel based generators or should we continue with the research and development work for our Government Stations and remote areas.

For the Department of Energy the latter is one of the important mandates in terms of our establishment. As a result, we will continue with the work that we do on research and development of renewables and alternative power supply.

In terms of the tender aspects, this is under the jurisdiction of the tender board either the Major Tender Board or the PWD Tender Board. It was the indecision of the former that resulted in the current situation.

Nonetheless, for this year in view of the delays and particularly the time taken to make a decision on the tender, the Department has recently written to the PWD Tender Board (currently handling the tender) requesting the withdrawal and re-advertising of the proposed works for Nabouwalu Hybrid Power System.

Appendix 26.1: Statement of Output Costs**Department of Energy 2008**

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	448,433	460,706
Unestablished Staff	38,400	62,722
Travel & Communication	25,687	29,606
Maintenance & Operations	74,020	38,252
Purchase of Goods & Services	2,277	3,351
Operating Grants & Transfers	---	---
Special Expenditures	216,803	140,887
Total Operating Costs	805,620	735,524
Capital Expenditure		
Capital Construction	366,659	113,742
Capital Purchases	70,756	599
Capital Grants & Transfers	5,337,239	3,929,357
Total Capital Expenditure	5,774,654	4,043,698
Value Added Tax	97,981	111,329
TOTAL EXPENDITURE	6,678,255	4,890,551

Provision of Water Supplies – Policy and Administration 2008

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	2,479,271	1,946,540
Unestablished Staff	656,957	566,375
Travel & Communication	30,392	11,678
Maintenance & Operations	34,974	4,019
Purchase of Goods & Services	46,050	3,783
Operating Grants & Transfers	---	---
Special Expenditures	---	43,552
Total Operating Costs	3,247,644	2,575,947
Capital Expenditure		
Capital Construction	---	2,430
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	2,430
Value Added Tax	35,075	328,292
TOTAL EXPENDITURE	3,282,719	2,906,669

Urban and Regional Supplies 2008

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	---	---
Unestablished Staff	---	---
Travel & Communication	---	---
Maintenance & Operations	---	344
Purchase of Goods & Services	---	---
Operating Grants & Transfers	---	---
Special Expenditures	---	---
Total Operating Costs	---	344
Capital Expenditure		
Capital Construction	23,301,762	19,643,367
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	23,301,762	19,643,367
Value Added Tax	2,503,178	2,174,427
TOTAL EXPENDITURE	25,804,940	21,818,138

Rural and Settlement Supplies 2008

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	32,735	38,263
Unestablished Staff	---	81
Travel & Communication	---	---
Maintenance & Operations	---	171
Purchase of Goods & Services	---	---
Operating Grants & Transfers	---	---
Special Expenditures	---	---
Total Operating Costs	32,735	38,515
Capital Expenditure		
Capital Construction	3,518,073	1,504,485
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	3,518,073	1,504,485
Value Added Tax	388,590	223,960
TOTAL EXPENDITURE	3,940,298	1,766,960

Maintenance and Operation 2008

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	874,410	933,464
Unestablished Staff	5,306,116	5,451,004
Travel & Communication	21	10,807
Maintenance & Operations	19,851,748	20,706,207
Purchase of Goods & Services	---	1,647
Operating Grants & Transfers	---	---
Special Expenditures	---	427
Total Operating Costs	26,032,295	27,103,556
Capital Expenditure		
Capital Construction	---	204,901
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	204,901
Value Added Tax	3,179,991	3,226,292
TOTAL EXPENDITURE	29,212,286	30,534,749

Water Resources and Investigation 2008

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	199,923	152,851
Unestablished Staff	336,529	417,818
Travel & Communication	5,229	5,396
Maintenance & Operations	32,029	39,553
Purchase of Goods & Services	5,073	4,517
Operating Grants & Transfers	---	---
Special Expenditures	66,347	57,288
Total Operating Costs	645,130	677,423
Capital Expenditure		
Capital Construction	---	249
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	249
Value Added Tax	35,337	72,638
TOTAL EXPENDITURE	680,467	750,310

Sewerage Services – Policy and Administration 2008

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	240,190	236,894
Unestablished Staff	---	---
Travel & Communication	8,511	536
Maintenance & Operations	31,261	6,959
Purchase of Goods & Services	4,137	5,499
Operating Grants & Transfers	---	---
Special Expenditures	---	---
Total Operating Costs	284,099	249,888
Capital Expenditure		
Capital Construction	---	---
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	---
Value Added Tax	3,982	29,462
TOTAL EXPENDITURE	288,081	279,350

Development of Urban Services 2008

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	---	1,002
Unestablished Staff	---	---
Travel & Communication	---	---
Maintenance & Operations	---	1,060
Purchase of Goods & Services	---	---
Operating Grants & Transfers	---	---
Special Expenditures	---	909
Total Operating Costs	---	2,971
Capital Expenditure		
Capital Construction	5,414,181	8,174,982
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	5,414,181	8,174,982
Value Added Tax	587,812	954,396
TOTAL EXPENDITURE	6,001,993	9,132,349

Maintenance of Urban Systems 2008

Description	2008 \$	2007 \$
EXPENDITURE		
Operating Costs		
Established Staff	66,026	67,101
Unestablished Staff	1,022,410	1,043,851
Travel & Communication	2,990	1,225
Maintenance & Operations	3,363,573	4,410,953
Purchase of Goods & Services	---	43,904
Operating Grants & Transfers	---	---
Special Expenditures	---	632
Total Operating Costs	4,454,999	5,567,666
Capital Expenditure		
Capital Construction	---	12,950
Capital Purchases	---	---
Capital Grants & Transfers	---	---
Total Capital Expenditure	---	12,950
Value Added Tax	442,454	767,163
TOTAL EXPENDITURE	4,897,453	6,347,779

Appendix 26.2: Kashmir Off-Take Details

Valve Name	Location	Valve Detail	Affected Area	Operation
Ba Pro	Ba Provincial Sec. School driveway	200mm Dia. & right turn valve	Part of Kermode Rd and Tavakubu Rd	Fully open – 4 am daily Throttle (2 turns) – 9 am daily Fully open – 3 pm daily Fully Close – 9 pm
Kermode	Opposite the Seventh Day Adventist Church @ Kermode Rd	200mm Dia. & right turn valve	All Kashmir Area (Kashmir Housing & part of Sukunaivalu Rd i.e. from Bavadra Rd to M.N.Naidu/Sukunaivalu Rd junction)	Fully open – 4 am daily Throttle (1 turn) – 9 am daily Fully open – 3 pm daily Fully Close – 9 pm
Tomuka	Along Tavakubu Rd near the Tavakubu Rd/Sukunaivalu Rd roundabout opposite Atil shop	200mm Dia. & right turn valve	Part of Tomuka area	Fully open – 4 am daily Fully closer – 9 am daily Fully open – 3 pm daily Fully close – 9 pm daily
Kings	Along Tavakubu Rd near the Tavakubu Rd/Sukunaivalu Rd roundabout opposite Atil shop	200mm Dia. & right turn valve	Waiyavi Stg 5, Savu St/Sukunaivalu Rd junc – Tavakubu Rd/Sukunaivalu Rd junc.	Fully open – 4 am daily Throttle (2 turns) – 9 am daily Fully open – 3 pm daily Fully Close – 9 pm
Ram Asre	Along Tavakubu Rd opposite the Ram Asre Td	80mm Dia. & left turn valve	Ram Asre and Nazir Place	Fully close – 8 am daily Fully open – 4 pm daily Fully close – 8 pm daily
Razak	Razak Rd left hand side	100mm Dia. & right turn valve	Razak Rd & Golf Link Crescent	Fully open – 4 am daily Throttle (2 turns) – 9 am daily Fully close – 9 pm daily
Hollander	Tavakubu Rd/Hollander Rd junction	100mm Dia. & right turn valve	Hollander Rd	Fully open – 4 am daily Throttle (2 turns) – 9 am daily Fully close – 9 pm daily
Savala	Along Tavakubu Rd, beside the Golf ground & opposite the footpath from Tanoa Place	100mm Dia. & right turn valve	Savala PI & part of Tavakubu area (from Vunivadra PI to Savala PI	1 turn open – 4 am daily Fully close – 8 am daily 1 turn open – 3 pm daily Fully close – 8 pm daily
Aimatai	Aimatai St right hand side	150 mm Dia. right hand valve	Valima Hill, Phlугers Avenue, Malamala St, Kuata St & part of Waya St	Fully open – 4 am daily Fully close – 9 am daily Fully open – 3 pm daily Fully close – 9 pm daily

Appendix 26.3: Arrears Under Arrangement

Occupier Name with Meter No.	Arrears \$	Balance As at 31/12/08 \$	Date of Last Payment	Remarks (as at audit date, 21/01/09)
Commercial Consumers				
Fiji Pine Commission CB1 127 Drasa Avenue	884.36	884.36	27/05/08 Should have been cleared by end of August.	Have not been cleared.
BP South West Pacific. CB1 57 25 Drasa Avenue	1,308.22	1,308.22	16/07/07 Referred to AO or AAO	Balance still remains.
FSC Research CB1 146	3,383.40	3,383.40	17/09/08 Referred to AO or AAO	Balance still remains.
Fiji Sugar Cane Growers. CB1 174A. Lot 12 DP 1861.	1,225.10	1,225.10	07/03/07 Referred to AO or AAO	Balance still remains.
FSCG CB! 175A Lot 12 DP 1861	1,417.43	1,417.43	24/07/00 Referred to AO or AAO	Balance still remains.
ISKCON CB6 8C 8 Malolo st.	3,595.90	3,595.90	02/05/06 Referred to AO or AAO	Balance still remains.
Cathay Hotel Ltd CB8 21 Lautoka	2,053.96	2,053.96	13/08/08 Referred to AO or AAO	Balance still remains.
Tavaia House CB 8 44A CWD Office Road	6,607.25	6,607.25	14/12/07 Referred to AO or AAO	Balance still remains.
Ba Provincial Holdings. CB8 43 New Magistrate.	7,023.57	7,023.57	02/10/06 Referred to AO or AAO	Balance still remains.
Domestic Consumers				
Mun Reddy CB1 101 9 Drasa Avenue	1,142.99	1,142.99	31/01/08 Referred to AO or AAO	Balance still remains.
YWCA CB1 119 72 Drasa Avenue	3,437.90	3,437.90	20/02/08 Referred to AO or AAO	Balance still remains.
Ponamma Keshwan CB1 134 Lautoka	824.33	824.33	05/05/07 Referred to AO or AAO	Balance still remains.
Gujrati Education Society CB! 163 Lot 1 Drasa Avenue	2,018.58	2,018.58	12/06/07 Referred to AO or AAO	Balance still remains.
Chandra K Chauhan CB1 164 Vitogo	1,001.25	1,001.25	31/03/07 Referred to AO or AAO	Balance still remains.
S Mohammed CB1 64	1,233.79	1,233.79	22/07/02 Referred to AO or AAO	Balance still remains.
Anare Tuilevuka CB1 015	607.64	607.44	16/07/07 Referred to AO or AAO	Balance still remains.
Uraia Saratibau CB1 116 Tavakubu	267.44	267.44	25/01/2000 Should be cleared by end of February 2000	Not have been cleared.
Mohammed M CB 93	1,347.27	1,347.27	28/09/07 Referred to AO or AAO	Balance still remains.
Government Qtr 145B	468.42	468.42	30/07/01	Not have been cleared.

Occupier Name with Meter No.	Arrears \$	Balance As at 31/12/08 \$	Date of Last Payment	Remarks (as at audit date, 21/01/09)
CB1 84 Drasa Avenue			Should have been cleared by end of September 2001	
Govt Qtr 61 CB1 011 Tagimaucia st.	704.06	704.06	08/04/08 Referred to AO or AAO	Balance still remains.
Govt Qtr 58 CB1 06 Tagimaucia st.	587.82	587.82	27/07/07 Referred to AO or AAO	Balance still remains.
Govt Qtr 87 CB 59 Drasa Avenue	185.04	185.04	01/06/07 Should have been cleared by end of June 2007.	Balance still remains.
Govt Qtr 149B CB1 92 Drasa Avenue	406.09	406.09	11/08/05 Should have been cleared by end of October 2005.	Balance still remains.
Government Consumers				
Lands Dept. CB1 120 GR 4	1,386.90	1,386.90	02/05/06 Referred to AO or AAO	Not have been cleared.
Lautoka Hospital CB1 149	544.70	544.70	24/09/08 Referred to AO or AAO	Balance still remains.
Lautoka Court House CB8 33 Tavewa Avenue	3,135.83	3,135.83	10/09/08 Referred to AO or AAO	Balance still remains.

Appendix 26.4: Delays in REU Projects as at 12/12/08

No.	Project Name	Project Type	Total Cost \$	Contractor	Start Date	Completion Date	Reasons for Delays
1.	Lomaivuna Sect 5,6,7 & Navolau Vill/Lomaivuna Sec./Primary	FEA VU 01/04	500,475.35	Micro Ltd	06/11/07	31/01/08	Not yet started – both housewiring and grid extension are on hold since the community has yet to fully pay their contribution.
2.	Namara Stage II	FEA LAB 14/06	20,205.15	Powelite Ltd - HW	06/11/07	31/01/08	Housewiring completed/ not connected. Awaiting FEA connection. FEA delay in grid construction.
3.	Daku, Labasa	FEA LAB 02/05	28,686.15	Powelite Ltd - HW	06/11/07	31/01/08	Housewiring completed/ not connected. Awaiting FEA connection. FEA delay in grid construction.
4.	Savusavunitaqa	FEA	103,420.15	Powelite Ltd - HW	06/11/07	31/01/08	Housewiring completed/ FEA grid construction in progress. FEA delay in grid construction.
5.	Dravuni Village, Kadavu	Diesel	127,080.78	Power Electric - HW	29/11/07	24/02/08	Awaiting generator.
6.	Udu Village, Kabara, Lau	Diesel	140,717.50	Alvins Electrical - HW	29/11/08	02/10/08	Awaiting generator.
7.	Natuvu Village	Diesel	104,914.67	Quality Electrical - HW	28/11/07	21/02/08	Still awaiting generator. MJTB did not approve the purchase of generator tender 2007 and delay in the approval for 2008.
8.	Nuku Village, Rabi	Diesel	241,703.16	Quality Electrical - HW	29/11/07	28/08/08	The wiring was delayed because of the variation claim for the enlargement of the powerhouse.
9.	Soso Village, Yasawa	Diesel	163,963.69	Power Electric - HW	29/11/07	12/02/08	Awaiting generator.
10.	Makadru Village, Lau	Diesel	159,971.03	Power Electric - HW	29/11/07	19/02/08	Awaiting generator.
11.	Lomaloma Village, Lau	Diesel	140,443.14	Power Electric - HW	29/11/07	12/06/08	Awaiting generator.
12.	Naikavaki Secondary School	Diesel	70,327.50	Alvins Electrical - HW	29/11/07	26/09/08	The initial tender was given to Kaumaia Electrical whose contract was terminated because of in-complete work.
13.	Boitaci Village, Vanuabalavu	Diesel	52,974.00	Power Electric - HW	1 st contract - 01/05/07 2 nd contract - 04/06/08	29/09/08	The initial contractor was Kaumaia Electrical who did not complete his contract and Power Electric was awarded the 2 nd contract.
14.	Mavana Village, Vanuabalavu	Diesel	23,920.58	Power Electric - HW	1 st contract - 01/05/07 2 nd contract -	04/08/08	The initial contractor was Kaumaia Electrical who did not complete his contract and Power Electric was awarded the 2 nd contract.

No.	Project Name	Project Type	Total Cost \$	Contractor	Start Date	Completion Date	Reasons for Delays
					04/06/08		
15.	Navoalevu, Macuata	FEA LAB 05/04	238,722.76	Powelite Ltd - HW	01/05/07	24/01/07	FEA delay in grid construction.
16.	Taganikula, Macuata	FEA LAB 09/05	376,818.23	Quality Electrical - HW	01/05/07	06/03/08	FEA delay in grid construction.
17.	Namara Stage I, Labasa	FEA LAB 13/06	29,814.50	Power Electric - HW	08/07/08	18/09/08	Awaiting FEA connection.

Appendix 26.5: Generators Kept in the Warehouse**Operational Generators (Embarked for installations or under repair)**

No	Item	Brand/ Model	Size	Serial Number	Status	Remarks
69	Generator	Deutz F3L912	25kva	NA	New	New
70	Generator	Deutz F3L912	20kva	NA	Returned from Haga/new	New
71	Generator	Deutz F4L1011	20kva	NA	Motor under repair	For dept use/spare
75	Generator	Hatz 4M41	27kva	NA	New	New
78	Generator	Hatz 2M41	10kva	NA	Assigned to Daga Settlement/new	Awaiting installation
82	Generator	Deutz F4L914	40kva	NA	Assigned to Naqaidamu Koro	Under repair
85	Generator	Deutz F6L413	90kva	NA	Need overhaul. Biofuel generator	Needs repairs
89	Generator	Deutz F6L914	60kva	NA	Under Repair	Yet to be repaired
90	Generator	Deutz F3L2011	25kva	850931	NA	For dept use
91	Generator	Lister ST3	NA	2565ST3A30-09	Awaiting parts. For Nasau Bua	Awaiting installation
92	Motor	NA	15kva	NA	Damaged/ to be repaired for Dept use	For dept use/spare
94	Motor	NA	13kva	NA	Burnt can be rewinded	For dept use/spare
18	Generator	Lister TS3	25kva	02017826TS3A09	Under repair. From Namacu Koro	For dept use/spare
19	Engine	Deutz	27.7kw	8692412	Under repair	For dept use/spare
52	Generator	Lister TR3	NA	0100441TR3A008	Under repair. (Naqaidamu old generator)	For dept use/spare
59	Generator	Yanmar	NA	NA	NA	For dept use/spare
68	Engine	Lister TR3	NA	400438TR3A008	Spare	For single bearing generator tests
NA	Generator	Hatz 4M41	20kva	NA	Under repair for Namalata, Vanuabalavu	Work in progress
NA	Generator	Lister HL4	40kva	3800332HL4A001	Under repair for Ketei, Totoya	Awaiting parts
NA	Generator	Lister TR2	10.5kva	02018341TR2A09	Under repair for Matokana, Ono-i-Lau. 3 yr grace period over.	
NA	Generator	Lister TS3	17kva	NA	Under repair for Narailagi	Awaiting motor from Lautoka

