



ACCOUNTABILITY IN THE PUBLIC SECTOR  
THROUGH QUALITY AUDIT SERVICES

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

**VOLUME 4      AUDIT REPORT ON GOVERNMENT MINISTRIES  
AND DEPARTMENTS- 2007**

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PARLIAMENTARY PAPER NO 9 OF 2014



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

## **VOLUME 4**

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ACCOUNTABILITY IN THE PUBLIC SERVICE SECTOR THROUGH QUALITY AUDIT SERVICES

File: 102

03 November 2008

The Speaker of the House of Representatives  
Parliament House  
**SUVA**

Dear Sir

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**AUDIT REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 - VOLUME 4**

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

Eroni Vatuloka  
**AUDITOR-GENERAL**



## FOREWORD

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

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

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

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

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

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

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

  
Eroni Vatuloka  
Auditor General

3 November 2008



## EXECUTIVE SUMMARY

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

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

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

Other matters of concern are as follows:

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

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

The following is a summary of the audit observations.

### **2007 Accounts and Finance**

#### ***Cash at Bank***

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

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

### ***Investments***

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

### ***Trust Fund***

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

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

### ***Revenue***

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

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

### ***Expenditure***

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

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

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

### ***Borrowing***

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

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

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

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

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

### ***Lending***

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

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

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

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

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

### ***Revolving Fund Account***

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

## **2007 Accounts of Ministries and Departments**

### **Office of the President and Office of the Prime Minister**

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

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

### **Public Service Commission**

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

### **Office of the Attorney General**

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

### **Ministry of Provincial Development, Multi Ethnic and Indigenous Affairs**

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

### **Ministry of Defense and Immigration**

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

### **Ministry of Labour**

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

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

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

### **Ministry of Foreign Affairs**

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

### **Elections Office**

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

### **Judicial**

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

### **Legislature**

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

### **Office of the Ombudsman**

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

### **Ministry of Justice and Prisons**

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

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

### **Ministry of Information and National Archives**

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

### **Royal Fiji Military Forces**

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

### **Police**

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

### **Ministry of Finance**

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

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

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

### Ministry of Health

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

### **Ministry of Local Government, Urban Development and Public Utilities**

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

### **Ministry of Youth and Sports**

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

### **Ministry of Women and Social Welfare**

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

### **Ministry of Commerce and Communication**

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

### **Ministry of Lands and Mineral Resources**

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

### **Ministry of Agriculture, Fisheries & Forest**

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

### **Ministry of Transport, Works & Energy**

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

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## Section 20 Ministry of Local Government Urban Development & Public Utilities

### Programme Statement

The Ministry is responsible for the formulation and implementation of local government and urban planning policies. It also has responsibilities for National Fire Services. The Ministry's functions are categorized into the following programme areas: - General Administration Section, Local Government and Department of Town & Country Planning. The National Fire Authority is also under the Ministry's jurisdiction.

The Department of Water and Sewerage is responsible for the maintenance, operation, and expansion and upgrading of water and sewerage works and are anticipated to continue in various regions including the provision of new-metered connections, replacement of defective water meters and old water mains, connection of subdivisions, instrumentation repairs and land purchase. The major project in this program is the loan funded Suva – Nausori Regional Water project. For Sewerage, expansion and upgrading of works are programmed on Suva, Nadi, Pacific Harbour, Lautoka, Sigatoka and Labasa Schemes. Other activities include the upgrading and replacement of existing system, sewer connections, and connection of subdivision, instrumentation repairs and land purchase.

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## FINANCIAL STATEMENT

### 20.1 Audit Opinion

The audit of the 2007 accounts of the Ministry of Local Government Urban Development and Public Utilities resulted in the issue of a qualified audit report.

The qualifications are as follows.

1. The amounts reflected in the Statements of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Ministry under each output.
2. The Ministry has not provided the following statements contrary to section 82(1) of Finance Instructions:
  - (i). Trust Account Statement of Receipts and Payments;
  - (ii). Profit and Loss Statement for Trading Operations of Joinery and Plumbing; and
  - (iii). Statement of Losses.

### 20.2 Statement of Receipts and Expenditures

The Ministry of Local Government Urban Development and Public Utilities incurred total expenditures of \$77,127,438 in 2007 compared to \$106,199,900 in 2006. Details are shown in table below.

Description	2007 \$	2006 \$
<b>RECEIPTS</b>		
State Revenue		
Operating Revenue	17,218,358	334,012
Agency Revenue		
Miscellaneous Revenue	222,483	0
Sales of School Farm Produce	0	0
<b>TOTAL REVENUE</b>	<b>17,440,841</b>	<b>334,012</b>
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established Staff	4,369,844	4,842,600
Unestablished Staff	7,559,694	9,938,400
Travel & Communication	104,508	368,700
Maintenance & Operations	25,275,727	29,462,200
Purchase of Goods & Services	86,818	199,900
Operating Grants & Transfers	1,604,800	3,986,700
Special Expenditures	102,808	420,400
<b>Total Operating Expenditures</b>	<b>39,104,199</b>	<b>49,218,900</b>
<b>Capital</b>		
Capital Construction	29,543,364	44,663,400
Capital Purchases	41,867	16,500
Capital Grants & Transfers	496,195	1,645,000
<b>Total Capital Expenditures</b>	<b>30,081,426</b>	<b>46,324,900</b>
Value Added Tax	7,941,813	10,656,100
<b>TOTAL EXPENDITURES</b>	<b>77,127,438</b>	<b>106,199,900</b>

### 20.3 Statement of Output Costs

The Department consolidated its expenditures into 11 Statement of Output Costs. These are detailed in Appendix 20.1.

### 20.4 Appropriation Statement

The Ministry of Local Government Urban Development and Public Utilities incurred expenditures totalling \$77,127,438 in 2007 against the budget of \$118,771,504 resulting in a savings of \$41,644,066 or 35%.

Details of expenditures against the budget estimates are provided below.

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	4,205,900	0	4,205,900	4,369,844	0	(163,944)
2	Unestablished Staff	7,464,300	6,047	7,470,347	7,559,694	0	(89,347)
3	Travel & Communication	141,800	(6,047)	135,753	104,508	0	31,245
4	Maintenance & Operations	25,376,600	0	25,376,600	25,275,727	0	100,873
5	Purchase of Goods & Services	48,000	0	48,000	86,818	0	(38,818)
6	Operating Grants & Transfers	1,605,000	0	1,605,000	1,604,800	0	200
7	Special Expenditures	650,000	0	650,000	102,808	0	547,192
	<b>Total Operating Costs</b>	<b>39,491,600</b>	<b>0</b>	<b>39,491,600</b>	<b>39,104,199</b>	<b>0</b>	<b>387,401</b>
	<b>Capital Expenditure</b>						
8	Construction	65,775,000	0	65,775,000	29,543,364	0	36,231,636
9	Purchases	41,900	0	41,900	41,867	0	33
10	Grants & Transfers	500,000	0	500,000	496,195	0	3,805
	<b>Total Capital Expenditure</b>	<b>66,316,900</b>	<b>0</b>	<b>66,316,900</b>	<b>30,081,426</b>	<b>0</b>	<b>36,235,474</b>
13	Value Added Tax	12,963,004	0	12,963,004	7,941,813	0	5,021,191
	<b>TOTAL EXPENDITURE</b>	<b>118,771,504</b>	<b>0</b>	<b>118,771,504</b>	<b>77,127,438</b>	<b>0</b>	<b>41,644,066</b>

## 20.5 Statement of Losses

The Ministry did not submit any loss of assets during the financial year ending 31/12/07.

## AUDIT FINDINGS

### 20.6 Agency Financial Statements

Each agency must include the following statements in its annual financial statements:

- Statement of Receipts and Expenditure
- Statement of Output Costs
- Statement of Losses
- Trust Account Statement of Receipts and Payments (where applicable).<sup>1</sup>

The Agency Financial Statement submitted by the Ministry did not include the following statements:

- Statement of Losses
- Trust Account statement of Receipts and Payments

### Recommendation

**The Ministry should ensure that the requirements of the Finance Instructions are complied with at all times.**

<sup>1</sup> Finance Instructions 2005 82 (1)

### **Ministry's Comments**

## **20.7 Non Submission of Trust Account Reconciliation**

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible Ministry. Unreconciled items should be investigated and resolved promptly.<sup>2</sup>

The Ministry did not submit the following Trust Account Reconciliation for audit verification:

- Main Trust Account Reconciliation
- Department of Water's trust reconciliation for two divisions

The Department did not prepare the Main Trust reconciliation as they were not aware of its existence. The reconciliation was also not submitted to audit as the divisions did not provide their reconciliations to headquarters.

The absence of reconciliation of Trust records could result in overpayments made being undetected and could also be an impetus for fraudulent activities.

### **Recommendation**

**The Ministry should ensure that Finance Instructions is adhered to at all times.**

### **Ministry's Comments**

## **20.8 Non Submission of TMA**

Each agency operating a trading and manufacturing activity must prepare-

- a) quarterly profit and loss statements; and
- b) a balance sheet on an annual basis

The annual profit and loss statement and balance sheet must be prepared on an accrual accounting basis.<sup>3</sup>

The Ministry did not submit the trading and manufacturing account reconciliation for verification of the accounts. Despite numerous reminders by Headquarters, the Water Supply department failed to submit the reconciliation.

The Ministry has no knowledge of the operations and profitability of the department's TMA.

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<sup>2</sup> Finance Instructions 2005 69 (3)

<sup>3</sup> Finance Instructions 2005 37 (1) (2)

### **Recommendation**

**The Ministry should ensure that Finance Instructions is complied with at all times.**

### **Ministry's Comments**

## **MINISTRY OF LOCAL GOVERNMENT-HEADQUARTERS**

### **20.9 Loss of Laptop by Minister**

Every Head of Department shall ensure that the inventory ledger maintained in his department is kept up to date by recording the receipt of new items and the deletion of items returned, written-off or otherwise disposed of and the authority for the deletion of any item shall be recorded in the inventory ledger.<sup>4</sup>

The former Interim Minister, Hon. Jone Navakamocea did not return his official laptop valued at \$3,198 after he vacated this office. He claimed that the laptop was lost, however a Losses Report was not prepared. Also, the matter was not reported to Police. Moreover, the laptop was not recorded in the Minister's inventory ledger.

In the absence of a losses report, the former Minister's claim could not be substantiated. Also, there is a risk that items purchased being subject to theft or lost if not recorded in the inventory ledger and at the same time the Ministry may find it difficult to claim ownership.

### **Recommendations**

- **The inventory ledger should be updated upon purchase of inventory item.**
- **A losses report should be prepared immediately after a loss is discovered and where necessary this should be reported to police.**
- **Every effort should be made by the Ministry to recover the cost of items taken away by the former Minister.**

### **Ministry's Comments**

*There is record of laptop in the inventory ledger but without any particulars entered. Refer page 96 of Inventory ledger. It has been updated for your inspection.*

*The former Interim Minister, Mr. Jone Navakamocea through email on 09/01/08 at 10.12am advised Mr. Tuiloma for the loss of the laptop. A copy of the email attached. Our correspondent to former minister please refers file No. 701/19 of 27<sup>th</sup> February, 2008 for lost laptop and a memo to Secretary to Cabinet attached.*

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<sup>4</sup> Supplies and Services Instructions and Government Stores Instructions 89 (1), (2), (3).

<sup>4</sup> Supplies and Services Instructions and Government Stores Instructions 90 (1), (2).

## DEPARTMENT OF WATER AND SEWERAGE- HEADQUARTERS

### 20.10 Telephone Charges

The Finance Circular No. 17/2000 was a measure put in place to address the escalating telephone charges incurred and the unauthorized use of phones. Telephones must not be used by officers for private purposes.<sup>5</sup> An employee must behave honestly and with integrity in the course of employment in the Public Sector.<sup>6</sup>

The Department had issued mobile phones to all the divisional heads however none of the phones were entered in the inventory ledger. There is also no policy on the use of mobile phones and there is no verification to identify official and personal calls.

Absence of proper policy on the use and user limits implies no control on usage of phones. There is serious risk that the Department is paying for the unofficial calls made.

#### Recommendations

- Only official calls made by users should be paid by the Department.
- Every effort should be taken to verify the official and unofficial calls and users should be asked to pay for the unofficial calls.

#### Department's comments

*All bills are verified and certified by the mobile holders before any payment is made.*

## DIVISIONAL ENGINEER-CENTRAL/EASTERN

### 20.11 Unauthorised Purchases

A local purchase order, indent, departmental warrant, contract or agreement must be issued before goods, services and works are received.<sup>7</sup>

Items valued at \$114,652.65 were supplied to the division without the issue of local purchase orders in 2006. This was detected when the suppliers submitted their claims to the division in 2007. These items were stated to have been ordered during emergency cases. For details please refer to Appendix 20.2 to this report.

A summary of claims by suppliers are shown in the Table below.

Company	Amount (\$)
Viti Civil Engineering Supplies Ltd	42,632.60
Pacific Safety & Industrial Supplies	4,915.00
Pacific Pipelines & Road care Ltd	10,623.25
Atrax Civil Supplies	9,206.00
Innovative Marketing (Fiji) Ltd	13,772.50
Mataisau Engineering & Civil Supplies	33,503.30

<sup>5</sup> General Order 1113 (b)25.2732728

<sup>6</sup> Public Service Code of Conduct- Part 2, Section 6 (1)

<sup>7</sup> Finance Instruction 2005 Section 17 (2)

Company	Amount (\$)
Total	114,652.65

The value of some items supplied need the approval from higher authorities before purchases are made which in this case was bypassed as no local purchase order was issued. The purchase of 48 pairs of safety shoes (valued at \$5,380.80) from Mataisau Engineering & Civil Supplies could not be treated as an item required in emergency cases.

The above was made possible since officers at the stores failed to verify the items received against the orders issued by the department but continued to receive the items deliberately. Given the sum involved, there is a risk of unnecessary purchases being made and collusion amongst officers at the department and suppliers to defraud the government.

Proper procurement procedures were not followed which led to unauthorised purchases.

### **Recommendations**

- **An investigation should be carried out on the ordering of the above items and surcharge actions taken against responsible officers.**
- **Local Purchase Orders must be issued before goods and services are acquired and any deviation from the procedure by any Ministries should be disciplined accordingly.**

### **Department's comments**

*Unauthorised purchases took place in 2006. Where procedures were not followed resulted in goods obtained were not paid for by the division. As in the past, this was one area that used to be the practice in Suva water supply. From 2005 we have convened meetings with the suppliers that we are not going to be held responsible for any such purchases and they agreed that this should stop immediately. The Division Engineer addressed this issue both with the supervisors and suppliers that any uplift of items during emergencies must be approved first by him and to be regularized immediately in the next working day. Unfortunately, this had come up again, but all the submissions and queries have been referred to higher authorities for further actions and decisions.*

## **DIVISIONAL ENGINEER -WESTERN**

### **20.12 Engagement of Temporary Officers**

Part time employees shall be served a letter of appointment by a Ministry/Department which shall include amongst other things, his/her rate of pay, duties in which the employee is engaged, the hours, days and duration.<sup>8</sup>

There were excessive temporary government wage earners engaged for the Divisional Water Engineer Western. An analysis of government wage earners engaged for the months of January to November 2007 for the Department of Water and Sewerage in the Western Division are shown in the table below.

SECTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV
Accounts	6	7	7	8	8	8	8	8	8	8	10
Personnel	5	5	5	5	5	5	5	5	5	6	6
Hydrology	16	16	16	16	16	16	16	16	16	16	16
Water Rates	14	17	18	24	26	28	28	28	29	29	29
Lautoka W/S	81	84	119	126	163	166	165	172	170	155	178

<sup>8</sup> Conditions and Rules of Employment for Government Wage Earners 4 (a)

SECTION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV
Ba W/S	43	50	49	61	61	70	70	70	54	53	67
Rakiraki W/S	26	26	31	31	37	38	39	39	39	39	48
Nadi W/S	38	45	51	51	50	57	68	68	69	69	70
Sigatoka W/S	48	47	47	48	57	55	76	96	95	94	78
Tavua W/S	31	29	32	32	48	48	48	48	55	55	55
Natabua Sewerage	21	21	20	20	23	26	31	34	34	33	35
Sigatoka Sewerage	4	4	4	4	4	6	7	11	14	15	15
Ba Sewerage	12	12	12	12	19	19	21	20	19	21	21
Nadi Sewerage	21	21	21	26	27	27	31	35	35	35	35
<b>Total</b>	<b>366</b>	<b>384</b>	<b>432</b>	<b>464</b>	<b>544</b>	<b>569</b>	<b>613</b>	<b>650</b>	<b>642</b>	<b>628</b>	<b>663</b>

Out of the 663 workers engaged in November, only 128 were permanent officers while 535 were temporary workers.

The following anomalies were also noted.

- There was no approved staff establishment provided for the Divisional Water Supply and Sewerage Western. Hence, there is no control over the recruitment of temporary officers.
- There was no job description maintained for each job classification and this was not issued to each officer when appointment is made.
- Some officer's have assistants which audit considered unnecessary, e.g. assistant clerks, assistant dispatcher, and assistant time clerks.
- Some officers were employed in areas other than what is stipulated in their engagement letter. Examples are as follows:

Name	FNPF NO.	Engagement	Duties Performed
Timaima Dravo	XY528	Capital Projects	Stores Assistant
Mereseini Mataluvu	UF489	Clerk B	Divisional Engineer's Secretary
Maria Rokotuinceva	3031w	Relieve staff during Christmas break for 3 weeks w.e.f. 21/12/06.	Chainman in the Hydrology Section for one year.
Uraia Koroi	XU716	Trade Assistant Assisting store man	Engaged in Leakage Section.
Salabale Kadivuka	VL 373	Capital Projects	Time Clerk
Lanieta Roko	VM069	Engaged as Clerk	Stores Assistant

There is a lack of control in the appointment of temporary officers at the division and there is a risk that the process could be abused.

### **Recommendation**

- **The approved staff establishment for the Western Division should be observed and Job Description should be clearly drawn for all government wage earners positions.**
- **For casuals/temporary officers, the duration for engagement and particulars of role to be explicitly stated in appointment letters.**
- **Appointment of assistant clerks must be ceased immediately.**

**Division's Comments**

*The Water & Sewerage Department in the Western Division has a provision of two hundred and forty seven [247] Government Wage Earners approved under the Nominal Roll. One hundred and twenty eight [128] stated in the report are permanent employees and the difference of one hundred and nineteen [119] are vacant positions where employees are held against.*

*This situation developed as a result of an instruction to discourage the filling of vacant positions in the last few years due to the proposed reforms for the Department; however this seems uncertain due to the changing policies of the Government.*

*Secondly, the current establishment for WSD in the West have been there for more than twenty [20] years while the coverage of our operation has expanded with new infrastructures being built. This includes construction of new reservoirs and treatment plant, in addition to the extension of water pipeline to provide water supply to cover wider areas.*

*Additional workmen were taken in to man the increased activity undertaken due to the expansion of operations in the Division.*

*Besides the above the six hundred and sixty three [663] workers are also inclusive of capital jobs undertaken in the Division.*

*The labour strength from January to June this year is shown in the Table below. This is indicative of the normal labour strength before we receive funding for capital projects, which will require recruitment of additional workmen.*

*The audit suggestions above are noted and adjustments are now being made to address the concerns raised.*

WATER & SEWERAGE DEPARTMENT WESTERN DIVISION LABOUR STRENGTH - (JAN - JUNE )						
	JAN	FEB	MAR	APRIL	MAY	JUN
ACCOUNTS	8	8	8	8	8	8
PERSONNEL SECTION	6	6	6	6	6	6
HYDROLOGY	13	13	13	13	13	13
WATER RATES	12	12	11	11	18	19
LAUTOKA WATER SUPPLY	93	87	91	96	119	124
BA WATER SUPPLY	46	46	46	44	47	48
RAKIRAKI WATER SUPPLY	27	27	27	27	27	26
NADI WATER SUPPLY	38	38	38	38	48	48
SIGATOKA WATER SUPPLY	50	48	48	48	63	64
TAVUA WATER SUPPLY	29	28	28	28	28	28
NATABUA SEWERAGE	21	21	21	22	26	26
SIGATOKA SEWERAGE	7	7	7	7	10	10
BA SEWERAGE	7	7	7	7	7	9
NADI SEWERAGE	20	20	19	19	20	20
TOTAL	377	368	370	374	440	449

**20.13 Stores Requisition Form (SR)**

Upon identifying a need for a specific task to be carried out, the supervisor identifies stores, plant, machinery, and vehicle required to accomplish that task. If the vehicle or plant is not available in the section than a request is made through a Stores Requisition (SR) form, detailing the particulars of the type of vehicle or plant required for the task.

The Stores Requisition forms were completed after the receipt of contractor's invoice and statement. The requisition forms would always quote the period on which the vehicles were hired implying that the Stores Requisitions were completed after the services were rendered. The following table shows examples from the sample scrutinized.

LPO #	LPO Date	Vehicle #	SR Date	Invoiced Date	Invoice Number	Total Paid
742907	17/05/07	EJ 848	25/04/07	10/4/2007	3839	162.75
742908	17/05/07	EL767	25/04/07	16/04/07	3891	150.15
742908	17/05/07	EL767	25/04/07	17/04/07	3892	143.20
742908	17/05/07	EL767	25/04/07	18/04/07	3893	138.25
742908	17/05/07	EL767	25/04/07	19.04.07	3894	160.90
742908	17/05/07	EL767	25/04/07	20/04/07	3895	138.40
742910	17/05/07	EL 767	15/05/07	23/04/07	3438	151.75
742910	17/05/07	EL 767	15/05/07	24/04/07	3439	157.30
742910	17/05/07	EL 767	15/05/07	25/04/07	3440	155.20
742910	17/05/07	EL 767	15/05/07	26.04.07	3441	168.30
742910	17/05/07	EL 767	15/05/07	27/04/07	3419	198.50
739379	15/06/07	DF 656	11/6/2007	1/5/2007	4042	108.45

LPO #	LPO Date	Vehicle #	Company Name	SR Date	Invoiced Date	Invoice Number	Total Paid
739861	12/6/2007	AP 399	Amars Digging	11/6/2007	29/05/07	1376	133.20
739861	12/6/2007	AP 399	Amars Digging	11/6/2007	30/05/07	1377	133.20
739861	12/6/2007	AP 399	Amars Digging	11/6/2007	31/05/07	1379	133.20
739861	12/6/2007	AP 399	Amars Digging	11/6/2007	1/6/2007	1380	118.40
739863	12/6/2007	AP 399	Amars Digging	11/6/2007	21/05/07	1371	133.20
739863	12/6/2007	AP 399	Amars Digging	11/6/2007	22/05/07	1372	133.20
739863	12/6/2007	AP 399	Amars Digging	11/6/2007	23/05/07	1373	133.20
739863	12/6/2007	AP 399	Amars Digging	11/6/2007	24/05/07	1374	133.20
739863	12/6/2007	AP 399	Amars Digging	11/6/2007	25/05/07	1375	118.40
739864	12/6/2007	AP 399	Amars Digging	29/05/07	14/05/07	1366	133.20
739864	12/6/2007	AP 399	Amars Digging	29/05/07	15/05/07	1367	133.20
739864	12/6/2007	AP 399	Amars Digging	29/05/07	16/05/07	1368	133.20
739864	12/6/2007	AP 399	Amars Digging	29/05/07	17/05/07	1369	133.20
739864	12/6/2007	AP 399	Amars Digging	29/05/07	18/05/07	1370	118.40

### Senior Cargo

LPO #	LPO Date	Vehicle #	PERIOD OF HIRE	SR Date	Invoice Date	Invoice #	AMOUNT \$
701468	1/3/2007	BM 217	19/02 - 23/02	28/02/07	19/02/07	1054	108.00
701468	1/3/2007	BM 217	19/02 - 23/02	28/02/07	20/02/07	1055	108.00
701468	1/3/2007	BM 217	19/02 - 23/02	28/02/07	21/02/07	1056	132.00
701468	1/3/2007	BM 217	19/02 - 23/02	28/02/07	22/02/07	1057	168.00
701468	1/3/2007	BM 217	19/02 - 23/02	28/02/07	23/02/07	1058	144.00
701468	1/3/2007	CF 992	19/02 - 23/02	28/02/07	19/02/07	1154	120.00
701468	1/3/2007	CF 992	19/02 - 23/02	28/02/07	20/02/07	1155	108.00
701468	1/3/2007	CF 992	19/02 - 23/02	28/02/07	21/02/07	1156	108.00
701468	1/3/2007	CF 992	19/02 - 23/02	28/02/07	22/02/07	1157	168.00
701468	1/3/2007	CF 992	19/02 - 23/02	28/02/07	23/02/07	1158	156.00
701469	1/3/2007	CF 992	24/02 - 02/03	26/02/07	24/02/07	1159	150.00

LPO #	LPO Date	Vehicle #	PERIOD OF HIRE	SR Date	Invoice Date	Invoice #	AMOUNT \$
701469	1/3/2007	CF 992	24/02 - 02/03	26/02/07	25/02/07	1160	144.00
701469	1/3/2007	CF 992	24/02 - 02/03	26/02/07	27/02/07	1161	156.00
701469	1/3/2007	CF 992	24/02 - 02/03	26/02/07	28/02/07	1163	108.00
701469	1/3/2007	CF 992	24/02 - 02/03	26/02/07	1/3/2007	1164	108.00
701469	1/3/2007	CF 992	24/02 - 02/03	26/02/07	2/3/2007	1165	114.00

The monitoring and control mechanism of the division is susceptible and it can be safely assumed that the requisition plays an insignificant role in that the payments can be effected without the need for a requisition.

A dangerous precedent has been set where government accounting procedures had been activated by the contractor's invoices and statement and especially when the Stores Requisitions were raised on a later date.

### **Recommendations**

- **The department should be more vigilant and enforce compliance with regards to the raising of the Store Requisition.**
- **Disciplinary action should be taken against officers for circumventing government procedures in respect Stores Requisition.**

### **Division's Comments**

*On the approval of the Divisional Head, Plant/Vehicle Instructions are issued daily to drivers and operators according to the need for the hire before they are allowed to work. This is generally taken as authority to be officially engaged by the Department.*

*Instruction has been issued to all supervisors and store men and the need to comply with the procedures and a warning to them of disciplinary action if they fail to comply with the procedures in future.*

## **20.14 Vehicles Not Owned by the Contractor**

The contractors need to state clearly the registration numbers and proof of ownership of the vehicles. Failure to provide copies of valid proof of ownership may render the tender invalid.

The following two vehicles were hired under the name of Amar Digging Works; however vehicle search with the Land Transport Authority confirmed that these vehicles do not belong to Amars Digging Works. For example refer tom Table below.

Registration Number	Owner's Name	Type of Vehicle	Total Amount (\$) Paid for the Hire
AP 399	Mr. Shiu Nadan	Tractor	8,849.68
BS 759	Mr. Shiu Nadan	Front End Loader	16,270.50

The department failed to engage the contracted vehicles and allowed Amars Digging to use other vehicles which did not belong to them. Allowing Amars Digging to engage vehicles outside the contracted vehicles list is viewed as an attempt to circumvent the tender procedures as a contract was already in place and contractors would be forced to forgo privileges under these arrangements. The presence of collusion cannot be ruled out.

### **Recommendations**

- **Only approved vehicles should be engaged.**
- **Disciplinary action should be instigated against officers responsible for engaging the vehicles outside the contracted vehicles.**

### **Division's Comments**

*The two machines were approved by the Tender Board as additional to Amar's Digging Works initial contract. The department had undertaken the necessary physical inspection of all tendered plants and vehicles in the tender evaluation phase; however physical inspection of additional plants and vehicles are carried out by the secretariat. The department will hire the plants when required for maintenance or construction purposes.*

## **20.15 Hire of Private Vehicles - Conflict of Interest**

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.<sup>9</sup> A person must not in the course of employment in the public service provide false or misleading information in response to a request for information that is made for official purpose.

An employee must not make improper use of official information or 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.<sup>10</sup> An employee must behave honestly and with integrity in the course of employment in the public service.<sup>11</sup>

Mataika Transport Co. (Fiji) Ltd was awarded the contract for hiring 4 x 2 utility (Single Cab) and Light Truck (Twin Cab) vehicles.

Audit noted that Tomasi Mataika (JA 449), a Leading Hand at Lautoka Water Supply is one of the Directors and shareholder for Mataika Transport Co (Fiji) Ltd.

The non disclosure of vested interests by Tomasi Mataika is viewed as serious and deliberate attempt to gain benefits financially and was a conflict of interest considering his responsibility as the Leading Hand.

### **Recommendations**

- **Ministry should carry out internal investigations regarding these unethical and fraudulent dealings.**
- **Instigate appropriate disciplinary action against the Transport Officer and others for breach of the Public Service Code of Conduct.**

### **Division's Comments**

*According to Tomasi Mataika, even though his name appears as a Director of the company, he is not shareholder in the company as mentioned in the report since he did not make any financial contribution to the company. Moreover, he has no benefit from the company. Attached, please find his declaration.*

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<sup>9</sup> Public Service Act s.6

<sup>10</sup> Public Service Act-1999, Section 10

<sup>11</sup> Public Service code of conduct section 6(1) of PSC act-1999

## 20.16 Non Rotation of Store men

Rotation of duties is an internal control mechanism to prevent officers from taking advantage of their position in locations for too long. Officers in long periods in one location tend to build relationships with suppliers and get the know-how of circumventing the system to gain advantage for them.

Most Storemen in the western division had been serving in such position for more than 3 years in their current location and this increased the risk of abuse of office. Refer to the table below for examples:

Station	Name	EDP/FNPF	Current Post	Duration in current post
Ba Water Supply	Josese Nabuta	ON468	Storeman	4
Lautoka Water Supply	Isimeli Waibuta	90225	Clerical Officer - Probation	7
Natabua Sewerage	Nemia Vucago	60820	Storeman	9
Nadi Water Supply	Ashwin Lal	PZ946	Storeman	9
Sigatoka Water Supply	R C Nair	FR592	Storeman	9
Nadi Water Supply	Permal Pillay	58140	Storeman	15
Nadi Sewerage	Panapasa Vecenabuka	HS419	Storeman	17
Hydrology	Tuvili	HM152	Storeman	19

Management has failed to ensure rotation of storemen and this increases the risk of officers taking advantage of the poor internal controls.

### **Recommendation**

**Management should rotate the storemen in the Western Division as they have been in their current position for too long.**

### **Division's Comments**

*The idea of rotating the store man was brought up last year which required all store man to submit their Curriculum Vitae to the Personnel Officer. The difficulty is that a majority of our store-persons are Government Wage Earners. However, the Personnel Section is liaising with headquarters on the best possible way of accommodating the rotation considering the fact that this will affect the place of residence for most of them. We are in the process of reshuffling them within the Division, and also with the other two Divisions where possible.*

## 20.17 Stores Maintenance

Every storeman/woman is responsible to keep all store records up-to-date, especially the tally cards and all relating documents; furthermore he or she is responsibility to ensure that all items placed in the stores are kept properly. Every storeman/woman is responsibly to adhere to the general stores rules and regulations.

The records at the Natabua Sewerage had not been maintained properly and stores could not be properly accounted for. Refer to the anomalies mentioned below:

- Tally card at the Natabua Sewerage general stores was not filled for all the items purchased during 2007. While for the electrical stores tally cards were not filled since July 2007.
- Many worn out parts were kept with the current stores items in the electrical stores in contravention with the supplies and stores instructions.

- Both the store personnel at Natabua failed to keep proper record of the internal requisition and delivery dockets.
- Items were taken from the Supplier by the workmen and delivered directly to the site for repair or maintenance works without his/her signing the delivery docket or physically verifying that the correct items have been received.
- The general stores and electrical stores were in a disorganized status and could lead to difficulties in locating the supplies which could contribute to uneconomical ordering of supplies.
- Both the store officers failed to carry out regular stock takes of all public stores under their control.
- In the absences of the store lady, Saleshe the electrician at Natabua Water Supply would sign the delivery docket, even though he is not authorized to. Also Saleshe is the person who requests the items to be purchased.
- The lack of supervisory checks was evident.

The non compliance by the store officers at Natabua Sewerage are a catalyst for abuse of position and office. The problems above are serious and long outstanding which have not been resolved by management.

#### **Recommendations**

- **Management should remove both officers from their current storeman posts and revert them to their former posts and hire qualified storemen.**
- **Management should ensure that the storemen are rotated within the Division.**
- **Both the mentioned officers should be disciplined accordingly for the non compliance of stores procedures.**
- **Management should review the position description of the store officers in the western division as a whole and introduce segregation of duties to strengthen the internal controls.**

#### **Department's comments**

*The electrical stores tally cards were not filled after the stores-lady went on overseas leave to Australia and never returned. The replacement store-lady had to update records from June 2008. All records have been updated with items placed in proper storage.*

*Damaged and worn out equipment are kept separately since these items can not be disposed until approved by the Ministry of Finance through a Board of Survey.*

*In a workshop conducted with the Ministry of Finance in April this year, all store man and chief clerks have been instructed to do stock takes in the last working day of every month.*

*The department is initiating moves to set up a central store to minimize discrepancies.*

*A warning letter has been issued to the store man at Natabua Sewerage.*

## 20.18 Discrepancies in Stores

An employee must act with care and diligence in the course of employment in the Public Service.<sup>12</sup> An employee must behave honestly and with integrity in the course of employment in the public service.<sup>13</sup>

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

Audit spot checks at the Lautoka Water Supply and Natabua Sewerage revealed short supply of items by suppliers on different occasions within a week. Refer below for the details.

Store	Date	Delivery Docket No.	Items/supplier	Qty	Value (\$)	Received By	Remarks
Natabua Sewerage	28/11/07	4190	16mm PVC single white cable.	1	400	Lanieta	Item short supplied after physical check on 6/12/07.
		LPO 743398 (delivery docket not produced)	Overload 14-42 Amps range	2	450		Item paid for but not received as physical check by audit on 6/12/07.
	4/12/07	3621	phase failure relay	1	695	Salesh	Not delivered
Lautoka Water Supply	5/12/07	11471	200mm Super Coupling purchased from Atrax	4	799.72	Isimeli Waibuta	Short delivery
	7/12/07	10541	PVC Pipes purchased from Rattan Enterprises	22	1,773	Isimeli Waibuta	Short supply

The two main stores receiving process are seriously flawed and have been defeated through collusion with suppliers.

### Recommendation

**Disciplinary action should be instigated on all the officers who were involved in the magnitude of irregularities with 5 random spot checks all confirming short supply.**

### Department's comments

*Individual comments on the issues raised are set out in the following table:*

Store	Date	Delivery/LPO	Item	Qty	Remarks
Natabua Sewerage Store	28/11/07	4190	16mm PVC single white cable	1	The item has been delivered and is in stock.
		LPO 743398	Overload 14-42	2	The items purchased from the LPO is 0-60, lapse 300 amps meter and not the one quoted in the report. The item is

<sup>12</sup> Public Service Act No. 8 of 1999.

<sup>13</sup> Public Service code of conduct section 6(1) of PSC act-1999

					<i>TOC.</i>
	4/12/07	3621	Phase failure relay	1	<i>The phase failure relay was taken to Nadi sewerage due to the urgency of overflow of the Narewa Outfall which was overflowing at that time.</i>
Lautoka Water Supply	5/12/07	11471	200mm Super Coupling	4	<i>Of the 4 ordered , two were used at Loma lane and 2 were TOC in the stores.</i>
	7/12/07	10541	PVC pipes	22	<i>The breakdown of the PVC pipes include 15x2", 15x3", 10x4", 7x6".A total of 47 pipes were purchased and not 22 as mentioned in the report.</i>

## 20.19 Price Inflations

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.

Prices of items purchased during the year were always fluctuating and frequently very exorbitant increases within months were experienced.

Refer to Table below for examples:

Item	Previous Supplier	Current Supplier	Previous purchase Price	Current purchase Price	Price Increase	% Increase	Duration between purchase
8" PVC Bend	Island Electric	Island Electric	780.00	1,280.00	500.00	64	Less than 6 months
6" PVC Bend	Island Electric	Island Electric	440.00	980.00	540.00	123	Less than 6 months
3" Duck foot Bend	Atrax Civil Supplies	Island Electric	300.00	960.00	660.00	220	1 day
8" PVC Saddle Clip	Atrax Civil Supplies	Road Works	170.00	245.00	75.00	44	Less than 3 months
8" AC Saddle Clip	Atrax Civil Supplies	Island Electric	236.00	360.00	124.00	53	Less than 2 months
3"U/f Hydrant	Vinod Patel	Atrax Civil Supplies	22.50	89.20	67.00	298	Less than 3 months
8" Dressing Kit	Road Works	Road Works	38.00	188.00	150.00	395	Less than 3 months
6" Dressing Kit	Road Works	Atrax Civil Supplies	29.00	46.00	17.00	59	Less than 6 months
½" Poly Union	Atrax Civil Supplies	Island Electric	4.00	18.00	14.00	350	Less than 2 months
4" f/ a/ Socket	Wilton Civil Supplies	Island Electric	110.00	340.00	230.00	210	Less than 5 months
3" f/ a/ Socket	Road Works	Road Works	198.00	280	82.00	41	Less than 1 months

Item	Previous Supplier	Current Supplier	Previous purchase Price	Current purchase Price	Price Increase	% Increase	Duration between purchase
6" f /a/Socket	Road Works	Island Electric	160.00	430.00	270.00	169	Less than 3 months
4" AC-PVC Adapter	Island Electric	Atrax Civil Supplies	78.00	178.00	100.00	128	Less than 2 months
8" AC-PVC Adapter	Atrax Civil Supplies	Island Electric	178.00	380.00	202.00	114	Less than 1 months
10" AC-PVC Adapter	Road Works	Island Electric	355.00	680.00	325.00	92	Less than 1 months
12" AC-PVC Adapter	Island Electric	Altrade Auto traders	248.00	745.00	497.00	200	Less than 1 months

Government is been charged exorbitant prices with unrealistic price increases.

### **Recommendations**

- **Management should include all the items above in their tender list as the above items are constantly used so as to control the purchase price of the items.**
- **Management should investigate the exorbitant increase.**

### **Department's comments**

*The Department cannot dictate the price set by any one supplier.*

*The chance of people colluding with the suppliers is very minimal as all companies submit their quotes in sealed envelope and are placed in the tender box provided for this purpose in the main office. In addition there is a public opening where the envelopes are opened in the presence of suppliers who wish to witness the opening of tenders. The department itself finding it hard to purchase certain fittings as suppliers take control of their costs.*

## **20.20 Weaknesses in Tender Process**

All tenders shall be advertised on at least two days in a daily newspaper published in Fiji.<sup>14</sup> All tender boxes shall be equipped with two separate and different locks, the key for one of which locks shall be held by the Chairman of the relevant tender board and the key for the second of which locks shall be held by the secretary of that tenders board.<sup>15</sup>

A person must not in the course of or in connection with employment in the public service, provide false or misleading information in response to a request for information made for official purposes.<sup>16</sup>

A numbers of anomalies were noted on the division's purchase as follows.

- Tenders or Expression of interest are not advertised openly.
- Tender box kept in an open room accessible to all personnel.
- Keys for the tender box kept in one of the drawer in the Lautoka Accounts section.

<sup>14</sup> Supplies and Service Instruction 48(2)

<sup>15</sup> Supplies and Service Instruction 51(2)

<sup>16</sup> Public Service Act- 1999, Section 9

- Appointment of members of evaluation team was made internally.
- One of the procedures used by the storeman at the Lautoka Water Supply whilst obtaining quotations from companies was to have these companies stamp as evidence that the quotations have been obtained, however there were instances where the storeman at the Lautoka Water Supply would put the stamp for Altrade Auto Traders & Civil Supplies on the space allocated for All Parts Supplies. Audit views such an act as manipulation of the tender process.
- Audit noted that the tenders were awarded to the cheapest supplier; however there was a tendency for the storeman to go to the supplier to physically check if items were in stock to be supplied to the Water Department. Audit views this process of physical verification by the storeman after the awarding of tenders to be lacking transparency and the risk of the storeman colluding with the supplier and resulting in the government paying extra could not be ruled out.
- The Storeman is part of the tender evaluation committee. In several instances the same storeman raised the requisition, distributed the request for quotation to tendering suppliers, member of the tendering evaluation committee and responsible for receipt of the delivered items. Only one employee is responsible for a number of tasks and this can contribute to manipulation of the procurement process.

Such weaknesses in the tender process could be a catalyst to illegal activities and the possibility of collusion cannot be ruled out.

### **Recommendations**

- **Management should ensure that procurement procedures are to be documented and adhered to.**
- **The duties of staff need to be segregated for better controls.**
- **Management should ensure that all companies submitting their tenders should explicitly state if they have the items in stock and that this should be considered during the tender process and the current practice of the storeman carrying out physical verification should cease immediately.**
- **Suppliers and Service Instructions 51 (2) should be adhered to at all times.**

### **Department's comments**

*Procurement procedures have been documented and discussed by management and all chief clerks and store man so that they know their duties and control measures have also been emphasized.*

*Tender forms have also been modified so that companies can also indicate the availability of the item required in their stock. The physical verification is necessary because most companies would quote for the sake of doing business even though they have nil in stock. The situation is unacceptable from our point of view whereby LPOs have been issued but the selected supplier cannot supply within the specified timeframe; in some cases up the delay is up to six weeks resulting in the delay of our work.*

## 20.21 Items taken for personal use

An employee must act with care and diligence in the course of employment in the Public Service.<sup>17</sup> All officers responsible for public stores shall at all times exercise proper economy with regards to public stores in order to avoid the unprofitable use of public moneys.<sup>18</sup>

On 22/11/07, Divisional Engineer (DE), Taito Delana authorized and approved the following materials and items to be issued out of the Department's stores for personal use. Upon further discussion with department staffs, the items were being transported to Drasa Vitogo where a DE's family's funeral was being held.

The following items were issued from Lautoka and Rural Water Supply Stores:

Date	Item Description	Qty	Remarks
22/11	Roofing Iron	40	<p>Items were issued from Rural Water Supply stores. Following discrepancies were noted:</p> <ul style="list-style-type: none"> <li>- There was no approval obtained for items to be issued out from the stores but a mere verbal approval by the DE for roofs and pipes to be issued &amp; delivered to designated area.</li> <li>- Scrutiny of tally card revealed that roofs &amp; pipes issued from stores had not been updated. Enquiry with the Supervisor of Rural Water Supply revealed that roofs &amp; pipes were loaned to Lautoka stores &amp; he was not aware where the items were being transported.</li> <li>- He then further entered the items issued from stores in the tally and showed to the audit team.</li> <li>- (5) Galvanized pipes &amp; (40) Roofing Iron were issued out from Rural water supply stores &amp; loaned to Lautoka stores.</li> </ul> <p><i>Delivery receipt #: 171093</i> <i>Date: 22/11/07.</i></p>
	2" 50mm Galvanized Pipes	11	
	Deep Freezer	1	
23/11	- 30meter Extension Cord	1	<p>Items issued out of the Lautoka stores, authorized by DE. Discussion with the Storeman revealed that it was the instruction of the DE to issue the above item.</p> <p><i>Delivery receipt #: 171093</i> <i>Date: 22/11/07</i></p> <p>These items were specifically purchased by the Lautoka stores for DE's personal use.</p> <p><i>Requesting Officer – Raj Kumar</i> (Treatment Pump Section)</p> <p><i>Requisition #: 37 (Treatment &amp; Plant Section)</i> <i>Date: 22/11/07</i></p> <p><i>Authorization:</i> was given by the DE to requesting officer to purchase the items.</p> <p>No delivery receipt was issued by the storeman indicating items were taken from stores.</p>
	- Power Point (6x) Board	1	
	- 4feet Complete Tubelight (with 10meter Cord)	4	
23/11	6" Galvanised Pipes	16	<ul style="list-style-type: none"> <li>- No approval was obtained for items to be issued for DE's personal use.</li> <li>- Items issued out were not reflected in the tally card.</li> </ul>
	2" Galvanized Pipes	1	

With the exception of the deep freezer which was returned on 22/11/07 the other items have yet to be returned.

<sup>17</sup> Public Service Act No. 8 of 1999.

<sup>18</sup> Supplies and Service Instruction 10

**Recommendations**

- The Divisional Engineer Western should be surcharged for cost of materials taken for personal use.
- Appropriate disciplinary action should be taken against the officer.

**Department's comments**

*The items were taken on personal loan for the funeral and have all been returned to the stores.*

<i>Item</i>	<i>Qty</i>	<i>Remarks</i>
Roofing Iron	40	All returned to the Rural Water Supply stores
50mm Galvanized Pipes	11	These items were returned to the Rural Water Supply Stores
Deep Freezer	1	Returned to Lautoka Water Supply Stores
30mtr extension cord	1	The items were purchased for use by the Water Treatment Office and Pump Repair Section. All items have been returned to the stores for use by the Treatment Office.
Power board [6]	1	
4' complete tubelight with 10mtr cord	4	
6" Galvanized Pipes	16	There were no 6" galvanized pipes taken on loan.
2" Galv Pipes	1	This item have been returned to Rural Water Supply Stores

**DIVISION ENGINEER NORTHERN****20.22 Engagement of Project Workers**

The Project worker shall be engaged for a specific project and served a letter of engagement by a Ministry/Department which shall include amongst other things his/her rate of pay, the project in which he/she is engaged, the hours, days and duration of the project.<sup>19</sup>

A total of 69 workers were employed as temporary officers at the Divisional Engineer Water and Sewerage Northern in excess of the 93 approved Government Wage Earners establishment.

The projects in which the officers were engaged and the durations of employment were not specified in their engagement letters. These officers were recruited for 10 to 12 months and there was also no job description maintained for these officers. Refer the following examples:

Officer	FNPF Number	Appointment Date	Current Position	Section/Unit
Ronil Ravikant Prasad	YI 033	15/02/07 – 31/12/07	Assistant Clerk	Personnel
Anjani Lata	YL 434	08/03/07 – 31/12/07	Assistant Clerk	Accounts
Patrick Jione Pagkale	XL 778	08/02/07 – 31/12/07	Labourer	Operation & Maintenance
Timoci Turaga	WN 464	08/02/07 –	Labourer	Operation & Maintenance

<sup>19</sup> Conditions and Rules of Employment for Government Unestablished Employees – Section 1, 5(a)

Officer	FNPF Number	Appointment Date	Current Position	Section/Unit
		31/12/07		
Kolinio Nuimatui Walu	XY 233	08/02/07 – 31/12/07	Labourer	Operation & Maintenance
Chinamma Goundar	XV 819	14/04/05	Assistant Clerk	Water Supply Office
Shoran Lata	WZ 768	31/03/05	Typist B	Water Supply
Jonetani Masitabua	QO 793	12/10/06	Labourer	Workshop
Inoke Cakitaki	2532-643	26/04/07	Labourer	Savusavu Water Supply
Usaia Waqaniboro	XJ 531	23/05/05	Labourer	Savusavu Water Supply

The conditions and rules of employment for government unestablished employees were not followed and it is apparent that the above officers were employed merely to use up available funds in the Division.

### **Recommendations**

- **The conditions and rules of Employment for Government Unestablished Employees should be strictly followed.**
- **A job description should be maintained for all posts and this should be given to all officers on appointment date.**
- **Recruitment should be made within the approved establishment**

### **Division's Comments**

*Part of the response to this concern is included in Section 1.3.1.*

*For those of Temporary and Casual Workers, no engagement will commence pending availability of Capital Projects. This is not only to avoid over expenditure but also for the reason of work justification.*

*As highlighted in 1.3.1, the excess of Capital and Planned Preventative Maintenance Projects meant more Temporary and Casual workers were employed. This creates more work for Sections such as the Accounts, Personnel, Workshop, etc. Those temporary and casual workers, who had the qualification and experience to carry out the extra work demand, were taken up into these various sections. While doing these works, they were still paid from Projects. This adjustment in work may have not been clearly reflected or captured in the Engagement Form.*

*As for those who have been interviewed and are held-against Nominal Roll Vacancies, their engagement and work responsibilities are along the lines as reflected in the vacancies they are held against with.*

*With the added objective of Institutional Reform and Capacity Building, held-against workers in the Nominal Roll together with those identified workers in the Temporary and Casuals, are rotated and exposed to other areas of work with the intention of multi-skilling and developing them in line with the expectation of the Reform Programme for the Water and Sewerage Department.*

## **20.23 Excessive Overtime Hours Carried Forward**

For the purpose of good internal control, it is an acceptable practice that employees are encouraged to take time off for the hours they have accumulated by doing overtime work.

Employees were accumulating excessive overtime hours without taking time-off. Examples are illustrated in the table below.

Date	Name	FNPF Number	Position	Overtime Hours Outstanding	Cost (\$)
11/11/2007	Josefa Cabe	EJ 880	Fitter	101.25	390.83
07/11/2007	Moh'd Shah	FG 909	Leading Hand	103	418.18
31/10/2007	Shiu K Naidu	HA 192	Supervisor Water Works	210.25	944.02
14/11/2007	Daya Nand	HA 208	Caretaker	75.75	283.31
09/11/2007	Hari Chand	HH 271	Pump Attendant	60	243.60
13/11/2007	Epi Turaga	KC 148	Storeman A	129.75	559.22
02/11/2007	Anil Kumar	LW 134	Carpenter Assistant	102	375.36
01/08/2007	Nemia Drauna	LY 448	Electrician	707.15	3,295.79
22/10/2007	Noa Tamani	NB 372	Chainman	137	512.38
09/11/2007	Deo Chand	DW 754	Fitter	190.25	734.37
14/11/2007	Rajend R	XL 186	Mechanic	166	655.70
28/11/2007	Miteli Sovita	XT 643	Chainman B	99.75	363.09
06/11/2007	Navitalai Rauto	VS 249	Carpenter	101.75	402.93
12/11/2007	Rakesh Chand	TA 830	Electrician	344.25	1,483.72
06/11/2007	Pramit Puran	WX 196	Fitter	115.5	420.42
01/11/2007	Maciu Nama	OZ 882	Caretaker	121.75	455.35
08/11/2007	Shiu Rama	QN 384	Mechanic	117.75	465.11
14/11/2007	Pranesh	XY 241	Apprentice	105.75	341.57
11/11/2007	Deepak	WX 197	Chainman	196.25	714.35
01/10/2007	Amania T	VK 789	Mechanic	137.25	542.14
<b>Total</b>					<b>13,601.44</b>

The accounting of overtime records was handled by a temporary government wage earner and was not independently checked by a senior officer.

Lack of management control of overtime has led officers to accumulate excessive overtime hours which would increase government's liability. The absence of independent check of overtime records by a senior officer also increases the risk of officers making fraudulent claim of overtime hours.

### **Recommendations**

- **A civil servant should be responsible in handling overtime records which should be independently checked by a senior officer.**
- **The Division should avoid accumulation of excessive overtime and officers should be encouraged to take time off.**

### **Division's Comments**

*The response to this concern is a follow-up to the response of Section 1.3.2.*

*The loading on overtime were exacerbated by the sudden additional Capital Project work loadings towards the end of the year together with additional demand from the Operations and Maintenance works.*

*As highlighted in Section 1.3.2, prior approval for overtime work to be first obtained from the Engineer and all overtime works are to be signed and endorsed first by the Supervisor and Engineer before entering into the Time-Off Register.*

*As agreed by workers and endorsed by the respective Unions, time-offs are being taken by all respective workers.*

## 20.24 Procurement Authority

Any officer who authorises expenditure exceeding his/her procurement limits, including by splitting purchase orders, shall be liable for surcharge to repay the unauthorised amount.<sup>20</sup>

Some officers were authorising orders above their approved limits. Refer below for examples:

Date	LPO Number	Amount \$	Approved Limit \$	Authorised by
11/10/06	633353	5,475.60	1000.00	A/SAO
14/11/06	633713	34,932.00	1000.00	A/SAO
30/11/06	633901	44,790.00	1000.00	A/SAO
13/02/06	634142	13,012.40	5000.00	DWEN
20/02/06	634150	5,664.20	5000.00	DWEN
27/03/07	634291	41,913.96	5000.00	DWEN

The above findings indicate that purchases were not strictly controlled and managed by the department which could lead to excessive purchases.

### **Recommendation**

**Surcharge action should be taken against officers authorising local purchase orders above their approved limits.**

### **Division's Comments**

*All the items purchased from the above list given were from one Company, Ria Tan which is an Approved Tender for the Supply of mPVC and uPVC Pipes.*

*It should noted that in previous years, it has been the practice that for all Approved Tender the processing of LPO and payment was done in the Division on the strength that the Tender has been approved through the required process.*

*It was not until after the above period that Management was informed by an Audit Team member that while the Tender has been approved, the limit for the raising of the LPO will still be adhered to. In the above case the approval from the Ministry of Finance should have been sought.*

*Since the above dates and for other related and similar cases, we are now complying or forwarding it to the respective authorities in regards to limits approval process.*

## 20.25 Private Hire of Vehicles

In case of hire of plants or vehicles, upon receipt of plant requisition form, job instruction sheet is issued on daily basis for hire of plants or vehicles either from plant pool or from contractors.<sup>21</sup> Requisition forms and local purchase orders were issued after plant and vehicles have been hired. Examples are shown in the table below:

<sup>20</sup> Finance Manual 2.2.3

<sup>21</sup> Ministry of Works and Energy Finance Manual 2.5.1

Date	LPO No.	Particulars	Payee	Amount (\$)
16/11/06	633675	Hire of twin cab DU711 from 6/10/06 – 20/10/06 for operation and maintenance at Savusavu Water Supply.	Marimuttu & Sons Ltd	672.25
23/11/06	633851	Hire of twin cab 4X4 DK100 from 04/11/06 – 05/11/06 for transporting workmen & materials for Taveuni Water Supply.	Marimuttu & Sons Ltd	126.00
30/11/06	633865	Hire of twin cab DU711 from 30/10/06 – 03/11/06 for transporting workmen at Savusavu Water Supply.	Marimuttu & Sons Ltd	891.25
30/11/06	633866	Hire of twin cab DU711 from 06/11/06 – 03/11/06 for transporting workmen at Savusavu Water Supply.	Marimuttu & Sons Ltd	903.75
30/11/06	633867	Hire of twin cab DU711 from 13/11/06 – 17/11/06 for transporting workmen at Savusavu Water Supply.	Marimuttu & Sons Ltd	882.50
30/11/06	633868	Hire of twin cab 4X4 DK100 from 13/11/06 – 17/11/06 for operations and maintenance for Taveuni Water Supply.	Marimuttu & Sons Ltd	806.75
30/11/06	633869	Hire of twin cab 4X4 DK100 from 06/11/06 – 10/11/06 for operations and maintenance for Taveuni Water Supply.	Marimuttu & Sons Ltd	632.75
05/12/06	633951	Hire of twin cab EM450 from 27/11/06 – 01/12/06 for Water Foreman.	Babasiga Hire	600.00
05/12/06	633952	Hire of twin cab DK498 from 27/11/06 – 01/12/06 for Leak Detection Unit – Babasiga Hire Services.	Babasiga Hire	600.00
05/12/06	683953	Hire of twin cab DO230 from 27/11/06 – 01/12/06 for use by Hydrology.	Lasea Civil Engineer	600.00
05/12/06	683957	Hire of twin cab EK549 from 27/11/06 – 01/12/06 for Water Supervisor.	Sakim Digging	1,000.00
07/05/07	634401	Hire of medium Excavator DE083 from 13/04/07 – 19/04/07 for works at Uluibau District School reservoir.	Babasiga Hire	418.50
07/05/07	634402	Hire of Excavator EG366 from 19/01/07 – 26/04/07 for the construction of Naidi Sewerage road.	Lomanitoba Company	2,046.00
07/05/07	634403	Hire of Excavator DN361 from 23/04/07 – 26/04/07 for the construction of Nadi Sewerage road.	Lomanitoba Company	1,221.00
07/05/07	634404	Hire of Dumper Truck EG454 from 23/04/07 – 26/04/07 for the construction of Nadi Sewerage road.	Lomanitoba Company	778.25
07/05/07	634405	Hire of Dumper Truck EA360 from 23/04/07 – 26/04/07 for the construction of Nadi Sewerage road.	Lomanitoba Company	3,000.00
28/06/07	634410	Hire of Truck CJ750 on 14/04/07 for the cartage of Bulldozer to Savusavu.	Babasiga Hire Service	732.60
16/05/07	634406	Hire of twin cab EM450 from 07/05/07 – 11/05/07 for transporting workmen for Taveuni Water Supply.	Babasiga Hire Service	500.00
16/05/07	634407	Hire of twin cab EM450 from 14/05/07 – 18/05/07 for transporting workmen for Taveuni Water Supply.	Babasiga Hire Service	500.00
16/05/07	634408	Hire of medium Excavator DE083 from 14/05/07 – 18/05/07 for road forming and culvert works for storm damage, Nasealevu, Navau.	Babasiga Hire Service	700.00
05/06/07	634409	Hire of medium Excavator DE083 from 21/05/07 – 25/05/07 for road forming and culvert works for storm damage, Nasealevu, Navau.	Babasiga Hire Service	738.00
28/06/07	634411	Hire of large Excavator DN361 from 21/06/07 – 23/06/07 for constructing Savusavu Access road to STP worksite, Naidi.	Lomanitoba Company	478.50
18/10/07	786159	Hire of large Excavator DN361 from 11/10/07 – 12/10/07 for Mispha Avenue project and Narayan Height Valley.	Lomanitoba Company	600.00
18/10/07	786160	Hire of large Excavator DN361 from 15/10/07 – 19/10/07 for Mispha Avenue project and Narayan Height Valley.	Lomanitoba Company	1,500.00
22/10/07	786179	Hire of Truck Dumper DL987 from 18/10/07 – 19/10/07 for Mispha Avenue project and Narayan Height Valley.	Lomanitoba Company	600.00
22/10/07	786180	Hire of Truck Dumper DL987 from 22/10/07 – 26/10/07 for Mispha Avenue project and Narayan Height Valley.	Lomanitoba Company	1,500.00

Proper procedures in the hire of plant and vehicles were not followed as local purchase orders were issued after the services have been rendered. This was merely to facilitate payments and there is a risk that suppliers could falsify their claims because jobs were not specified (as LPOs were not issued).

**Recommendation**

**Local Purchase Orders and request forms should be issued prior to the hire of plant or vehicle and any deviation from any officer should be disciplined accordingly.**

**Division's Comments**

*All Local Purchase Orders and Plant Requisitions are prepared and issued from our main Labasa Office.*

*For vehicles and Plants used by other Sections in Labasa, the Plant Requisition and Local Purchase Orders are issued in advance.*

*As can be seen from the above listing, most of the Plants and Vehicles listed above are from the Outer Stations of Savusavu and Taveuni. Due to the distance involved there were some delay in the coordination and preparation of the Plant requisition and LPOs between our Labasa Office and that of our Outer Stations. As Project funding had arrived late and Projects had to be completed before the Christmas break-off, together with prevailing good weather; these are some of the factors which may have contributed to the coordination of vehicle and plant usage at site together with that of the preparation of Plant Requisition and LPOs at the Labasa Office.*

*Our Outer Stations Project Supervisors have now been advised that no vehicle and plant usage to proceed until the Plant Requisition and LPO are prepared and raised from the Labasa Office.*

*All private Plants and Vehicles used for the Water and Sewerage are under the Government Approved Tender.*

**20.26 Item not taken on charge**

All goods received in an undamaged condition and which are in no respect defective shall be taken on charge in a stock register.<sup>22</sup>

The closing balance of certain items after the board of survey in December 2006 did not reconcile with the 2007 opening balance. Refer to the following for examples:

Board of Survey Date	Item Details	Board of Survey Balance	Opening Balance 2007	Variance	Unit Cost \$	Total \$
16/01/07	20mm Galvanised Socket	90	0	90	2.65	238.50
16/01/07	1/2" Galvanised Socket	70	30	40	1.85	74.00
16/01/07	Shower Rose 1/2"	18	0	18	6.95	125.10
23/01/07	3" PVC Saddle Clip	18	3	15	78.00	1,170.00
25/01/07	3/4" Galvanised Union	553	474	79	2.65	209.35
25/01/07	6" PVC Pipe	164	145	19	174.66	3,318.54
??	4" PVC Pipe	320	0	320	89.58	28,665.60
<b>Total</b>						<b>33,801.09</b>

The huge variance noted above demonstrates the lack of control over stores by the storeman especially when dealing with expensive items. This could lead to theft of government stores without being detected.

**Recommendations**

- **An investigation should be conducted on the unaccounted stores.**

<sup>22</sup> Supplies and Services Instruction 44(1)

- **Disciplinary and surcharge actions should be taken against the officers responsible, for any loss of stores.**
- **Tally cards should be updated regularly.**

**Division's Comments**

*In response to the above, the following are submitted:*

*For the 320 lengths of 100mm diam. PVC pipes as highlighted above, the pipes is for the Rural Self Help Capital Works Projects. The Rural Water Supply Section has a separate Store by itself together with its Storeman.*

*During the event of Audit Inspection, the 320 lengths of 100mm PVC pipes were not reconciled with its corresponding cards in the Rural Stores.*

*For the 19 lengths of 150mm PVC pipes shortfall, this has been used for maintenance works as confirmed by the pieces of pipes returned after maintenance work.*

*Other inconsistencies on above items could have resulted as most of our original Stores Card are still with FICAC and have not been returned. Items entries were done on Temporary Cards.*

*After the Audit inspection, there were certain changes made in the Stores:*

*Items issued daily is to be posted daily into the Individual Stock Cards*

*Stock Cards are tallied and matched with the Physical Stock weekly and any variance is noted and informed to the Storeman.*

*There is a Register of returned items by the workers who make sure the items returned to the Stores are accounted for.*

*Routine checks are done in the Stores by the Senior Officers to monitor the postings and balance of the stock and at times physical stock is matched with the stock cards.*

## Appendix 20.1 – Statement of Output Costs

### Policy & Administration-General Administration

Description	2007 \$	2006 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	457,392	778,111
Unestablished Staff	46,429	86,499
Travel & Communication	45,594	69,027
Maintenance & Operations	62,393	75,450
Purchase of Goods & Services	15,072	10,617
Operating Grants & Transfers	0	903,122
Special Expenditures	0	0
<b>Total Operating Costs</b>	<b>626,880</b>	<b>1,922,825</b>
<b>Capital Costs</b>		
Capital Construction	0	1,345,312
Capital Grants & Transfers	0	1,625,000
<b>Total Capital Costs</b>	<b>0</b>	<b>2,970,312</b>
Value Added Tax	82,565	190,396
<b>TOTAL EXPENDITURE</b>	<b>709,445</b>	<b>5,083,533</b>

### Policy and Administration - Local Government

Description	2007 \$	2006 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	103,415	111,100
Unestablished Staff	11,586	8,444
Travel & Communication	3,046	5,208
Maintenance & Operations	1,149	1,900
Purchase of Goods & Services	5,975	13,720
Operating Grants & Transfers	1,604,800	1,600,000
Special Expenditures	0	4,030
<b>Total Operating Costs</b>	<b>1,729,971</b>	<b>1,744,402</b>
<b>Capital Costs</b>		
Capital Construction	0	16,462
Capital Grants & Transfers	496,195	20,000
<b>Total Capital Costs</b>	<b>496,195</b>	<b>36,462</b>
Value Added Tax	14,828	13,551
<b>TOTAL EXPENDITURE</b>	<b>2,240,994</b>	<b>1,794,416</b>

**Town & Country Planning**

Description	2007 \$	2006 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	432,923	476,902
Unestablished Staff	20,411	22,000
Travel & Communication	25,839	25,761
Maintenance & Operations	39,828	29,436
Purchase of Goods & Services	6,420	2,368
Operating Grants & Transfers	0	0
Special Expenditures	0	0
<b>Total Operating Costs</b>	<b>525,421</b>	<b>556,467</b>
<b>Capital Costs</b>		
Capital Construction	0	0
Capital Grants & Transfers	41,867	0
<b>Total Capital Costs</b>	<b>41,867</b>	<b>0</b>
Value Added Tax	67,790	46,346
<b>TOTAL EXPENDITURE</b>	<b>635,078</b>	<b>602,813</b>

**Provision of Water Supplies-Policy & Administration**

Description	2007 \$	2006 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	1,946,540	111,100
Unestablished Staff	566,375	8,444
Travel & Communication	11,678	5,208
Maintenance & Operations	4,019	1,900
Purchase of Goods & Services	3,783	13,720
Operating Grants & Transfers	0	1,600,000
Special Expenditures	43,552	4,030
<b>Total Operating Costs</b>	<b>2,575,947</b>	<b>1,744,402</b>
<b>Capital Costs</b>		
Capital Construction	2,430	16,462
Capital Grants & Transfers	0	20,000
<b>Total Capital Costs</b>	<b>2,430</b>	<b>36,462</b>
Value Added Tax	328,292	13,551
<b>TOTAL EXPENDITURE</b>	<b>2,906,669</b>	<b>1,794,416</b>

**Urban & Regional Supplies**

Description	2007 \$	2006 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Unestablished Staff	0	474
Travel & Communication	0	0
Maintenance & Operations	344	11,141
Purchase of Goods & Services	0	23
<b>Total Operating Costs</b>	<b>344</b>	<b>11,638</b>
<b>Capital Costs</b>		
Capital Construction	19,643,367	29,603,827
<b>Total Capital Costs</b>	<b>19,643,367</b>	<b>29,603,827</b>
Value Added Tax	2,174,427	3,535,670
<b>TOTAL EXPENDITURE</b>	<b>21,818,138</b>	<b>33,151,135</b>

**Rural & Settlement Supplies**

Description	2007 \$	2006 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staffs	38,263	25,815
Unestablished Staff	81	173
Travel & Communication	0	0
Maintenance & Operations	171	1,161
<b>Total Operating Costs</b>	<b>38,515</b>	<b>27,149</b>
<b>Capital Costs</b>		
Capital Construction	1,504,485	3,833,926
<b>Total Capital Costs</b>	<b>1,504,485</b>	<b>3,833,926</b>
Value Added Tax	223,960	459,438
<b>TOTAL EXPENDITURE</b>	<b>1,766,960</b>	<b>4,320,514</b>

**Maintenance & Operation**

Description	2007 \$	2006 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	933,464	882,657
Unestablished Staff	5,451,004	7,331,694
Travel & Communication	10,807	195,274
Maintenance & Operations	20,706,207	24,701,447
Purchase of Goods & Services	1,647	20,167
Special Expenditures	427	99
<b>Total Operating Costs</b>	<b>27,103,556</b>	<b>33,131,339</b>
<b>Capital Costs</b>		
Capital Construction	204,901	33,490
<b>Total Capital Costs</b>	<b>204,901</b>	<b>33,490</b>
Value Added Tax	3,226,292	3,960,109
<b>TOTAL EXPENDITURE</b>	<b>30,534,749</b>	<b>37,124,938</b>

**Water Resources Investigation**

Description	2007 \$	2006 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	152,851	212,764
Unestablished Staff	417,818	455,194
Travel & Communication	5,396	6,073
Maintenance & Operations	39,553	55,487
Purchase of Goods & Services	4,517	6,431
Special Expenditures	57,288	40,657
<b>Total Operating Costs</b>	<b>677,423</b>	<b>776,606</b>
<b>Capital Costs</b>		
Capital Construction	249	53
<b>Total Capital Costs</b>	<b>249</b>	<b>53</b>
Value Added Tax	72,638	81,405
<b>TOTAL EXPENDITURE</b>	<b>750,310</b>	<b>858,063</b>

**Sewerage Services-Policy & Administration**

Description	2007 \$	2006 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	236,894	261,167
Unestablished Staff	0	5,866
Travel & Communication	536	6,617
Maintenance & Operations	6,959	291
Purchase of Goods & Services	5,499	8,424
<b>Total Operating Costs</b>	<b>249,888</b>	<b>282,365</b>
Value Added Tax	29,462	53,559
<b>TOTAL EXPENDITURE</b>	<b>279,350</b>	<b>335,924</b>

**Development of Urban Services**

Description	2007 \$	2006 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	1,002	867
Unestablished Staff	0	145
Maintenance & Operations	1,060	4,078
Purchase of Goods & Services	0	504
Special Expenditures	909	89
<b>Total Operating Costs</b>	<b>2,971</b>	<b>5,683</b>
<b>Capital Costs</b>		
Capital Construction	8,174,982	9,773,639
<b>Total Capital Costs</b>	<b>8,174,982</b>	<b>9,773,639</b>
Value Added Tax	954,396	1,317,145
<b>TOTAL EXPENDITURE</b>	<b>9,132,349</b>	<b>11,096,468</b>

**Maintenance of Urban Systems**

Description	2007 \$	2006 \$
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	67,101	61,787
Unestablished Staff	1,043,851	1,359,142
Travel & Communication	1,225	14,045
Maintenance & Operations	4,410,953	4,443,251
Purchase of Goods & Services	43,904	59,902
Special Expenditures	632	0
<b>Total Operating Costs</b>	<b>5,567,666</b>	<b>5,938,127</b>
<b>Capital Costs</b>		
Capital Construction	12,950	67,742
<b>Total Capital Costs</b>	<b>12,950</b>	<b>67,742</b>
Value Added Tax	767,163	727,076
<b>TOTAL EXPENDITURE</b>	<b>6,347,779</b>	<b>6,732,945</b>

**Appendix 20.2 – Items Purchased Without Local Purchase Orders****Table 20.20 Viti Civil Engineering Supplies**

Date	Delivery #	Item	Quantity	Cost (\$)
23/05/06	1163	¾ Ferrule Cock	3	88.50
26/05/06	1171	HYD Globe	1	450.00
13/06/06	1210	6" Super Coupling	1	360.00
21/06/06	1215	½" Pushlock	6	64.80
21/06/06	1215	¾" Pushlock	6	76.80
21/06/06	1216	¾" Pushlock	10	128.00
22/06/06	1190	¾" Pushlock	30	384.00
26/06/06	1192	¾" Pushlock	100	1,280.00
26/06/06	1192	¾" Pushlock	130	1,664.00
21/07/06	1220	¾" Pushlock	150	1,920.00
13/09/06	1262	½" Pushlock	5	54.00
13/09/06	1262	¾" Pushlock	5	64.00
14/09/06	1264	¾" Pushlock	40	512.00
15/09/06	1242	¾" Pushlock	100	1,280.00
15/09/06	1242	½" Pushlock	150	1,620.00
20/09/06	1270	¾" Pushlock	30	384.00
20/09/06	1270	¾" Pushlock	30	444.00
20/09/06	1244	½" Pushlock	150	1,920.00
20/09/06	1244	¾" Pushlock	150	1,480.00
21/09/06	1246	Detectable Tape (Coils)	2	1,960.00
05/10/06	1280	50mm Gate Valve	30	2,940.00
06/10/06	1281	50mm Gate Valve	20	1,960.00
06/10/06	1281	3x3 sp-sp-FL Tee	1	520.00
06/10/06	1281	3" Sluice Valve	1	660.00
06/10/06	1301	6-As Joiner	2	380.00
06/10/06	1281	6"S/Steel R/Clamp	1	660.00
07/10/06	1283	300mm Gibault Joint	2	1,300.00
07/10/06	1283	200mm Gibault Joint	3	1,275.00
10/10/06	1286	½" Pushlock	180	1,944.00
10/10/06	1286	¾" Pushlock	150	1,920.00
10/10/06	1286	1" Pushlock	100	1,480.00
16/10/06	1287	½" Stopcock	50	725.00
16/10/06	1288	500mm MaxiFit Joint	502	4,800.00
17/10/06	1294	3" Saddle Gun	1	72.00
17/10/06	1295	¾" Ferrule Cock	64	1,888.00
23/10/06	1298	8" Ferrule Cock	1	860.00
14/11/06	1309	3" U/Ground Fire Hydrant	1	660.00
14/11/06	1310	8" Repair Clamp S/Steel	2	45.00
14/11/06	1310	6" Repair Clamp S/Steel	1	29.50
16/11/06	1312	2" Saddle Gun	1	1720.00
16/11/06	1312	¾" Ferrule Cock	1	660.00
		<b>Total</b>		<b>42,632.60</b>

**Pacific Safety & Industrial Supplies**

Date	Delivery #	Item	Quantity	Cost (\$)
22/06/06	720	2" Non Return Valve	1	660.00
05/09/06	803	6.5mmx1.2mx10m Rub Insertion	1	2,340.00
05/09/06	757	2" Sluice Valve	1	495.00
05/09/06	818	3" All Flanged Tee	1	585.00
03/10/06	818	3" Sluice Valve	1	660.00
21/11/06	835	3" Super Coupling	1	175.00
		<b>Total</b>		<b>4,915.00</b>

**Pacific Pipelines & Road care Ltd**

Date	Delivery #	Item	Quantity	Cost (\$)
07/09/06	1299	¾" Brass Ferrule Cock	24	924.00
11/09/06	1299	¾" Brass Ferrule Cock	43	1,655.50
09/08/06	1301	6" Super Coupling	185	2,201.50
09/08/06	1301	½" Pushlock	155	2,162.25
19/09/06	1322	¾" Pushlock	2	1,390.00
19/09/06	1322	¾" Pushlock	4	790.00
19/09/06	1322	¾" Pushlock	2	1,500.00
		<b>Total</b>		<b>10,623.25</b>

**Table 20.23 Atrax Civil Supplies**

Date	Delivery #	Item	Quantity	Cost (\$)
05/09/06	3396	½" Brass Ferrule Cock	121	1,996.50
18/09/06	3380	Safety Vest	36	2,340.00
18/09/06	3380	Helmet	36	1,008.00
27/09/06	3389	1" Pushlock Straight	137	1,986.50
17/10/06	3407	3" PVC Saddle Gun	15	1,875.00
		<b>Total</b>		<b>9,206.00</b>

**Table 20.24 Innovative Marketing Limited**

Date	Delivery #	Item	Quantity	Cost (\$)
04/05/06	481	¾" Stop Cock	81	2,389.50
26/05/06	545	3" Sluice Valve	1	660.00
26/05/06	545	3" Flange Anger Socket	1	175.00
26/05/06	545	3" PVC-PVC Joiner	1	70.00
26/05/06	545	M 16X65 Bolt & Nut	8	36.00
12/07/06	332	4" PVC AC GJ	22	1,980.00
28/07/06	515	2" PVC-PVC Jinter	41	1,968.00
05/10/06	557	3" PVC Saddle Gun	25	1,987.50
06/10/06	242	4 x 3 SP-SP FL Tee	1	595.00
12/10/06	567	1" Pushlock	137	1,986.50
28/11/06	371	4" S/Valve	2	1,540.00
09/12/06	380	Fire Hydrant Cover	1	385.00
		<b>Total</b>		<b>13,772.50</b>

**Mataisau Engineering & Civil Supplies**

Date	Delivery #	Item	Quantity	Cost (\$)
17/03/06	261	610mm Joiner	2	5,770.00
28/03/06	701	1" Pushlock	137	1,986.50
04/04/06	702	2" Strainer	3	1,980.00
04/04/06	702	3" Strainer	2	1,370.00
13/04/06	703	½" Bibcock	121	1,996.50
24/04/06	704	2" Gate Valve (Peglers)	18	1,980.00
27/04/06	707	Underground Fire Hydrant	3	1,980.00
11/05/06	708	2" Ball Valve	3	1,575.00
12/05/06	709	Safety Shoes	48 pairs	5,380.80
24/05/06	713	Rasp File	76	1,976.00
06/06/06	714	PVC Saddle Gun	41	1,988.50
15/06/06	717	6" AS – Joiner	10	1,980.00
28/06/06	718	2" Sluice Valve	4	1,980.00
04/07/06	330	100mm Stepdown Joiner	2	180.00
10/07/06	501	4" Stepdown	7	630.00
10/07/06	502	4" Stepdown	1	90.00
17/10/06	517	Underground Fire Hydrant	1	660.00
		<b>Total</b>		<b>33,503.30</b>

**Section 21****Department of Women, Social Welfare and Housing****Programme Statement**

The operations of the Department are divided into Social Welfare, Women and Poverty Eradication Unit.

The functions of the Department of Social Welfare are broadly categorized into statutory and non-statutory responsibilities. The statutory obligations relate to childcare including fostering, adaptations and residential care. The non-statutory responsibilities include matrimonial counseling, general family welfare and rehabilitation. The main activities of the Department include Policy and Administration, Institutional Services and Field Services. The Departments core business functions are children and family community economic development and social policy advice.

The Department of Women's primary accountabilities includes Mainstreaming Women and Gender Concerns, Women and the Law, Elimination of Violence against Women and Children, Women and Micro-Enterprise Development and Balancing Gender in Decision Making.

The Poverty Eradication Unit is responsible for ensuring that government's poverty alleviation projects and programmes are well co-ordinate and implemented in an integral manner.

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## FINANCIAL STATEMENT

### 21.1 Audit Opinion

The audit of the 2007 accounts of the Department of Women, Social Welfare and Housing resulted in the issue of a qualified audit report.

The qualifications are as follows.

- a) The Department of Women and Social Welfare has consolidated its expenditures into six Statements of Output Costs, whereas the Budget Estimates 2007 prescribes ten outputs.
- b) The Department failed to submit the following contrary to section 82(1):
  - (i). a Statement of Losses; and
  - (ii). a Trust Account Statement of Receipts and Payments. The Financial Information System shows a balance of \$34,031 in the Department's accounts as at 31 December 2007.

### 21.2 Statement of Receipts and Expenditures

The Department incurred a total expenditure of \$26,568,648 in 2007 compared to \$24,317,122 in 2006. Details are provided in Table 21.1.

**Table 21.1: Statement of Receipts and Expenditures for 2007**

Description	2007 \$	2006 \$
<b>RECEIPTS</b>		
State Revenue		
Operating Revenue	183,960	11,991
<b>Total State Revenue</b>	<b>183,960</b>	<b>11,991</b>
Agency Revenue		
Miscellaneous Revenue	3,097	---
<b>Total Agency Revenue</b>	<b>3,097</b>	<b>---</b>
<b>TOTAL REVENUE</b>	<b>187,057</b>	<b>11,991</b>
<b>EXPENDITURES</b>		
Operating		
Established staff	2,981,579	3,279,617
Unestablished staff	409,671	497,005
Travel & communication	156,036	137,429
Maintenance & Operations	214,356	185,781
Purchase of goods & services	166,924	115,817

Description	2007 \$	2006 \$
Operating grants & transfers	19,470,568	15,380,188
Special expenditures	37,873	140,905
<b>Total Operating Costs</b>	<b>23,437,007</b>	<b>19,736,742</b>
<b>Capital Expenditure</b>		
Capital Construction	330,647	8,700
Capital Purchases	---	112,618
Capital Grants & Transfers	2,443,859	4,059,112
<b>Total Capital Expenditure</b>	<b>2,774,506</b>	<b>4,180,430</b>
Value Added Tax	357,135	399,949
<b>TOTAL EXPENDITURES</b>	<b>26,568,648</b>	<b>24,317,121</b>

### 21.3 Statement of Output Costs

The Statement of Output Costs did not consolidate expenditures into the ten outputs prescribed in the Budget Estimates as required. These are detailed in Appendix 21.1.

### 21.4 Appropriation Statement

The Department incurred expenditures totalling \$26,568,648 in 2007 against the budget of \$29,281,900 resulting in a savings of \$2,713,252 or 9%. Details are provided in Table 21.2.

**Table 21.2: Appropriation Statement for 2007**

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	2,984,400	0	2,984,400	2,981,579	0	2,821
2	Unestablished Staff	445,100	0	445,100	409,671	0	35,429
3	Travel & Communication	168,400	0	168,400	156,036	0	12,364
4	Maintenance & Operations	224,500	0	224,500	214,356	0	10,144
5	Purchase of Goods & Services	186,100	0	186,100	166,924	0	19,176
6	Operating Grants & Transfers	19,495,000	0	19,495,000	19,470,568	0	24,432
7	Special Expenditure	91,000	0	91,000	37,873	0	53,127
	<b>Total Operating Costs</b>	<b>23,594,500</b>	<b>0</b>	<b>23,594,500</b>	<b>23,437,007</b>	<b>0</b>	<b>157,493</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	1,000,000	0	1,000,000	330,647	0	669,353
9	Capital Purchases	0	0	-	0	0	-
10	Capital Grants and Transfers	4,050,000	0	4,050,000	2,443,859	0	1,606,141
	<b>Total Capital Expenditure</b>	<b>5,050,000</b>	<b>0</b>	<b>5,050,000</b>	<b>2,774,506</b>	<b>0</b>	<b>2,275,494</b>
13	Value Added Tax	637,400	0	637,400	357,135	0	280,265
	<b>TOTAL EXPENDITURE</b>	<b>29,281,900</b>	<b>0</b>	<b>29,281,900</b>	<b>26,568,648</b>	<b>0</b>	<b>2,713,252</b>

## 21.5 Statement of Losses

The Department of Women, Social Welfare and Housing failed to submit a Statement of Losses for the financial year ended 31/12/07

## AUDIT FINDINGS

### 21.6 Appointment of Project Officers

Vacant posts will normally be advertised in the Fiji Public Services Official circular and the press if considered appropriate. When an officer applies for any vacancy, whether advertised or not, he/she should send his/ her application through his/her Permanent Secretary of Head of Department.<sup>1</sup>

A Project worker shall be engaged for a specific project and served a letter of engagement by a Ministry/Department which shall include amongst other things his/her rate of pay, the project in which he/she is engaged, the hours, days and duration of the project. The letter of engagement should specifically state that the engagement is only for the duration of the project to which he/she is engaged. If the project worker is subsequently engaged in another project, he/she should be issued with another letter of engagement specifying the commencement of his/her engagement in that particular project and that it shall continue until the project is completed or earlier subject to management discretion.<sup>2</sup>

The following two project positions were filled without being advertised and neither officer applied.

- Mr. John Sowani (FNPF # GF 867) was appointed as Project Officer in the Poverty Eradication Unit. Mr Sowani was offered a temporary appointment for six months with effect from 11/04/05 on salary scale of \$23,854.
- Mr. Fred Elbourne (FNPF – LP152) was appointed to the position of Project Communication Officer - Poverty. The appointment was for a period of six months with effect from 20/05/05 on a salary of \$23,854.

The officers are still being employed by the department although their six months engagement period has expired. Currently Mr. John Sowani is held against the vacant position of Principal Economic Planning Officer while Mr. Fred Elbourne is held against the post of Senior Women's Interest Assistant.

An open and competitive selection process was not followed in the appointments of the two officers.

### **Recommendations**

- **The Ministry should ensure that proper procedures are followed in the appointment of Project Officers.**
- **The projects officers should only be employed for the duration of the projects.**
- **The positions should be advertised and filled transparently.**

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<sup>1</sup> General Orders 205

<sup>2</sup> Conditions and Rules of Employment for Government Unestablished Employees 5 (a)

**Departments Comments**

*These officers were initially appointed as project officers for six months. At the expiry of the initial six-month term they were appointed as temporary officers against vacant posts that were existing in the Ministry at the time. The 2 officers have since had their temporary appointments continuously extended following completion of outputs.*

**21.7 New Appointment not Advertised**

Vacant posts will normally be advertised in the Fiji Public Services Official circular and the press if considered appropriate. When an officer applies for any vacancy, whether advertised or not, he/she should send his/ her application through his/her Permanent Secretary of Head of Department.<sup>3</sup>

Employment decisions in the public services are made without favouritism or political influence, an appointment and promotions are made on the basis of merit after an open and, competitive selection process.<sup>4</sup>

Audit noted that the recruitment of temporary relieving officers was neither advertised nor the candidates had applied for the positions. Refer to Table 21.3 for examples.

**Table 21.3: New Appointment not advertised**

Officer	FNPF Number	Date Joined	Appointed Post	Current Post
Kilioni Tuitubou	LA 994	21/12/05	Welfare Officer	Welfare Officer II
Premila Kumari	WN 070	10/08/05	Welfare Officer II	Welfare Officer II
Seini L Tabaka	YA 481	02/03/05	Review Assistant	Welfare Officer II
Jiurie Marseu Hary	2540848	12/11/07	Women Interest Assistant	Women Interest Assistant
Filimoni Narube	2530258	19/06/06	Review Assistant	Welfare Officer II
Valerio Vilika	NE 956	21/12/05	Senior Women Interest Assistant	Senior Women Interest Assistant

An open and competitive selection process was not complied with in accordance with Public Service Regulations. The officers' appointments were not based on merit and these clearly showed that favouritism existed in the recruitment and selection process by those in authority.

**Recommendations**

- **The Department should ensure that all newly created positions are advertised in accordance with Public Services Regulations.**
- **Disciplinary action should be taken against the officer(s) authorizing such new appointment.**

**Departments Comments**

*One set of vacant posts had been advertised and the Department was awaiting the certificate of availability of funds from the Ministry of Finance to enable PSC to advertise the remaining posts. The need for additional staff on the ground was urgent. Individuals who had undergone the complete process of short listing and interview for the advertised posts were appointed according to the order they appeared in the ratings list. These were officers who were second best in the interview and were then appointed against the vacant posts as temporary welfare officers.*

<sup>3</sup> General Orders 205

<sup>4</sup> Part 2, section 4(4) – Public services Act 1999

*The Department is now ensuring that all appointments are carried out in line with normal recruitment procedures as laid down under PSC regulation.*

### **Duration of Care Order**

If it appears to a juvenile court, on the application of the Director, that by reason of the mental condition or behaviours of a juvenile who is subject to a care order it is in his interest or the public interest that the care order should remain in force after he has attained the age of 17 years, the court may order that the care order shall continue in force until he attains the age of 18.<sup>5</sup>

The recipients of Care and Protection Allowance are continuing to receive the allowance at the rate of \$60 per child per month although the child under their care had attained the age of 17 years. There was no court order seen during audit for the continuation of allowance. Refer to Table 21.4 for examples.

**Table 21.4: Recipients continue to receive assistance after turning 17**

Recipient	Ref #	Childs Name	Date of Birth	Date at Age 17 Years
Timoci Vuadrau	SU/CH/926/95	Timoci Radrodro	16/07/89	16/07/06
Timoci Vuadrau	SU/CH/926/95	Varanise Kenona	03/05/91	03/05/07
Asesela Naboro	SU/SB/133/01	Amelia Sulita	24/05/89	24/05/06
Matorina Kauyaco	NV/AT/CW/05/02	Nikolo Kaganiu	05/09/89	05/09/06
Louisa Dololatibua	SU/HR/81/96	Vatemo Niurua	01/08/87	01/08/04
Louisa Dololatibua	SU/HR/81/96	Rosalio Yalomalua	02/12/82	02/12/99
Louisa Dololatibua	SU/HR/81/96	Makeveta Nawede	16/05/89	16/05/06
Shiu Rangi	SU/SN/520/91	Amit Kumar Raj	25/04/81	25/04/98
Shiu Rangi	SU/SN/520/91	Amrita Devi Raj	08/06/85	08/06/02
Shiu Rangi	SU/SN/520/91	Avnit Kumar Raj	09/05/89	09/05/06
Litea Veturu	SU/IP/555/94	Litea Bianca	22/08/89	22/08/06
Jowalesi Caginitoba	SU/SB/70/00	Lepani Uluiviti	12/02/89	12/02/06
Jowalesi Caginitoba	SU/SB/70/00	Paula Ravuga	12/02/89	12/02/06
Arieta Vaganalau	CP 205/01	Paula Wakamibua	30/12/89	30/12/06

Welfare officer's failed to review cases on a timely basis as a result the recipients continued to receive allowances although the child under their care had turned 17.

### **Recommendations**

- **The welfare officers should carry out review of the cases on a timely basis.**
- **Allowances of those children over 17 years should cease immediately.**
- **Only those children having Court Order should continue to be assisted.**

### **Departments Comments**

*There is provision in the Juveniles' Act Cap 56 section 50 [2] for extension of Care Order to when children are 18 years old but proof must be submitted to show that the children concerned are still attending formal education or that it is "in the best interest of the child" to remain in the institution for another year. Under such circumstance the Director is legally obligated to ensure the safety, care and maintenance of the child.*

*Fiji has ratified the Convention of the Rights of the Child and the Convention states that 18 years is the legal limit of the age of a child.*

<sup>5</sup> Juveniles Act 1978 Section 50 (2)

*Reviews are an on-going process but the department has been hampered over the years with the lack of transport and staff to allow all reviews to be completed effectively. 2007 was a year that the Department had been under great stress due to its inability to advertise vacant posts.*

*The Department has identified that review will be one of its major outputs for 2008. Reviews have begun but we are still being hampered by the lack of vehicles. When the Department receives its 10 new vehicles, reviews will be timely and done on a more consistent basis.*

## **21.8 Missing PAP Funds**

All money shall be kept in a safe or other secure place.<sup>6</sup>

All acquittal report must be signed by both the recipients and NGO and where relevant, bear the company seal or stamp of the organization.<sup>7</sup>

Poverty Eradication Unit (PEU) carried out a pilot scheme in 2005 for 26 Ex Prisoners whereby each Ex Prisoner was assisted with \$3000 for Income Generating Projects. The aim of the scheme was to help the Ex Prisoners set up small businesses as a mean of generating income for themselves and their families.

The following irregularities were noted

- The cheques of \$3,000 each were originally made out to “the order of” the payee but was changed to have “Pay Cash” stamped on the cheques when it was realized that most of the recipients did not have personal bank accounts.
- The project officer Mr. John Sowane had requested the Chief Executive Officer to approve that the cheques be stamped “paid” and the approval was given on 21/04/05.
- The cheques of \$3000 were cashed by the Project officers and disbursed on “piece meal basis” to the recipients. A formal contract was made between the Poverty Eradication Unit and the each recipient whereby the recipients were required to sign after receiving each payment.
- Total cost of the scheme was \$78,000 out of which only \$62,831 was disbursed. The balance of \$15,169 has not been accounted for. Cheques belonging to two recipients namely Karalaini Lewani and Joji Cagilaba were collected by Mr. John Sowane however the contracts of the two recipients were not seen. Therefore it cannot be established whether the two recipients had received their money.
- Progress reports or acquittals for the sum of \$62,831 were not seen in the files which were produced for inspection to account for the funds disbursed. It was therefore not possible to verify how that money was used and whether it was used for the approved purpose. Refer to Table 21.5.

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<sup>6</sup> Finance Instruction 2005 Section 38 (1)

<sup>7</sup> Finance Manual 2005 section 3.2.22

**Table 21.5: Balance of grant money not distributed to recipients**

Name of Recipient	Address	Business	Grant	Amount Paid \$	Balance \$
Kemueli Baleimaiba	Rt Dovi Rd Nadawa Nasinu	Canteen / Yagona	3000.00	1900.00	1100.00
Adriu Waqabaca	19 Cakacaka Rd Caubati Nasinu	USP Studies	3000.00	1900.00	1100.00
Alivereti Naqiri	Keiyasi Navosa	Farming	3000.00	2635.00	365.00
Tomasi Ratukana	22 Elbe Place Chandmani St Lautoka	Screen Printing	3000.00	1225.00	1775.00
Ulita Tadulala	66 Nakauvadra Rd Delainavesi Lami	Tailoring	3000.00	2975.00	25.00
Mikaele Naqila	10 Armstrong St Suva	Yagona wholesale	3000.00	2000.00	1000.00
Mereia Bau Naika	Lot 82 Stage 1 Cunningham Rd	Money Lender	3000.00	2800.00	200.00
Jioji Waqasaga	Tacirua Village Tamavua	Canteen / Piggery	3000.00	2450.00	550.00
Semiti Cagi	Nadonumai Village Lami	Canteen / Yagona	3000.00	2825.00	175.00
Waisea Rarawa	Malakua Settlement Nadi	Canteen / Yagona	3000.00	1496.00	1504.00
Mausio Susau	Block 22 flat 111 Reba Nadera	Furniture Making	3000.00	1625.00	1375.00
Karalaini Lewani	??	??	3000.00	??	3000.00
Joeli Cagilaba	??	??	3000.00	??	3000.00
<b>Total</b>					<b>15,169.00</b>

The following recipients had received their first instalments before the cheques for the respective recipients were prepared. This may indicate that the project officer was keeping undistributed cash of the other recipients which was paid the following recipients as their first installment. Refer to Table 21.6.

**Table 21.6: Recipients paid before the cheques were written**

Recipient	Cheque Number	Date Stamped "Paid"	Date of 1st Installment
Kemueli Baleimaiba	67170	11/05/05	24/04/05
Adriu Waqabaca	67164	11/05/05	22/04/05
Ulita Tadulala	67169	11/05/05	22/04/05
Mikaele Naqila	66895	21/04/05	19/04/05
Jioji Waqasaga	67171	11/05/05	22/04/05

This indicates that the Ex-Prisoners have not received their full assistance and that the project officers may have mismanaged the funds as a sum \$15,169 has remained unaccounted.

Funds approved for the income generating projects were not effectively managed as cheques were not made in instalment for the exact amount needed by an ex-prisoner for each stage of his project. Instead the total amount requested for the projects were cashed and managed by the project officers. The system is open for misuse and abuse.

The department is in no position to establish whether projects were carried out since acquittal and progress reports of the projects were not prepared by the Project Officer.

## **Recommendations**

### **The Department should:**

- carry out a detailed investigation on the manner in which PAP Fund is managed and establish the whereabouts of the undistributed cash amounting to \$15,169;
- take appropriate disciplinary action against those found to be involved in mismanagement of public funds;
- review the existing system to ensure that all payments are controlled by the Accounts Section and project officers are not involved in disbursing funds to recipients;
- monitor closely and regularly review projects undertaken to ensure that projects are successful and would be able to sustain the future needs of recipients.

## **Departments Comments**

*Irregularities have been identified:*

*Cheques were made “Pay Cash” as these recipients did not have bank accounts. The approval to pay cash was given by the CEO.*

*Recipients Karalaini Lewani and Joji Cagilaba, the original beneficiaries could not be located when the funds were approved and the team leader Mr. Paulo Ralulu replaced these two with Sitiveni Koli and Ilatia Mavoa. As a result, audit was unable to sight their contracts. John Sowani uplifted the cheques on the instructions of the CEO and the team leader.*

*Progress reports were compiled by both Messrs Ralulu & Sowani on the project and other deliverables on a monthly basis and forwarded to the CEO.*

*The five mentioned recipients were paid before their cheques were prepared from the monies kept in the office from the pool, as this was a group project.*

*We recognize that procedure was not followed in the keeping of funds in the office and disbursement in piece meal basis, but this was done to ensure that the funds were properly utilized, in view of the previous experiences with PAP funds disbursed to Ex Prisoners.*

*The authorizing authority for the alterations in payment and retention of funds is no longer with the Ministry but the PAP committee.*

*The unaccounted amount of \$15, 169.00 was reported as missing to the Raiwaga Police Station as explained by Mr. John Sowani .However this matter will be investigated further as recommended by the Audit.*

## **21.9 Double Payment of PAP Funds**

Since the inception of the Poverty Alleviation Scheme, the program has been providing the following services to its target groups:

- Housing
- Income Generating Projects

All acquittal report must be signed by both the recipients and NGO and where relevant, bear the company seal or stamp of the organization.<sup>8</sup>

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<sup>8</sup> Finance Manual 2005 section 3.2.22

Some recipients under the PAP scheme for housing were paid twice as their applications were approved in two separate PAP Committee meetings. Refer to Table 21.7 for examples.

**Table 21.7: Double payment of PAP Grant**

Recipient Name Reference Number	PAP Meeting Date	Implementing NGO	Amount Paid \$	PAP Meeting Date	Implementing NGO	Amount Paid \$
Pita Taraicaka SU/IM/96/03	22/08/06	Dorcas Welfare Organisation	5000.00	24/02/07	FCOSS	5000.00
Sekove W RA/VU/34/05	01/06/06	Direct Payment to Recipient	2000.00	29/12/06	Methodist Church	5000.00

One Ilaitia Mavoa (SU/03) was assisted during the Ex – Prisoners Pilot scheme in 2005 where he received \$3,000 for starting a sub – contracting business in the building industry. The same Ilaitia Mavoa was again approved a sum of \$3,000 for assistance to farm a land in the PAP committee meeting on 31/05/07

The NGOs responsible for implementing the projects approved in the respective 2006 meetings have also not submitted their acquittals. Without any acquittals, the Department would not be in a position to establish whether funds released have been utilized for the purpose it was approved.

The above findings highlight the weakness in the system as such double payments were not detected.

### **Recommendations**

- **The Department should ensure that all funds released are properly acquitted and acquittal report to be submitted by the NGO's**
- **Officers responsible for approving the double payments should be disciplined.**
- **Proper records should be kept so that double payments do not occur.**

### **Departments Comments**

*PAP Acquittals are usually signed by the NGO alone as existing Department PAP Practice and not the recipients as well. This is so because the PAP contract is signed by the NGO alone when the cheques are disbursement.*

*It is agreed that cheques for a few recipients were made twice. However when the anomalies were detected, corrective measures were taken to rectify these. In a few cases the PAP Committee did wrongly approve applications twice but this does not necessarily mean that cheques were also made.*

- Pita Taraicaka – name was approved twice in the PAP Committee meeting but was paid only once,*
- Sekove W – name was approved twice in the PAP committee meeting but was paid only once.*

*Some NGO's are not very responsible in discharging their duties as per the contract. However officers in the field monitor each approved project closely.*

*The Department will be streamlining policies and procedures in respect of the administration of PAP projects to minimize such anomalies and complaints.*

## 21.10 Failure of Income Generating Projects

Individuals and families have been assisted with seed funds to help them set up small businesses as a mean of generating income for themselves and their families. The aim is to increase the earning capabilities of individuals/families and wean them from the Family Assistance scheme.<sup>9</sup>

The following Family Assistance recipients were assisted to set up small business with an aim to wean them from the Family Assistance Scheme. However projects were not implemented and as a result they have continued to be assisted from the Family Assistant scheme. Refer to Table 21.8 for examples.

**Table 21.8: Failure of income generating projects**

Recipient	Ref Number	Income Generating Project	Date Paid	Amount Paid \$
Mariana Marama	SU/BS/186/02	Sewing Business	13/09/06	3000.00
Timoci Ledua	SU/1305/02	Canteen Business	13/09/06	3000.00
Waisea Nasili	SU/SK/74/03	Canteen Business	29/12/06	3000.00
Ilaitia Masitabua	SU/BS/430/03	Selling Fish	14/09/06	3000.00

The table below shows that the above recipients of Income Generating are now continuing to receive Family Assistance Allowance.

**Table 21.9: Recipients Receiving FA allowance**

Recipient	Ref Number	Amount Per Month \$
Mariana Marama	101-100549	65.00
Timoci Ledua	101-103576	60.00
Waisea Nasili	101-107204	60.00
Ilaitia Masitabua	??	65.00

Physical inspection reports of the projects were not sighted in the respective files indicating that physical inspection and review of acquittal reports of the projects were not made by the Welfare Officers.

It is evident that the above projects were not successful and recipients continue to receive FA allowance after their income generating projects had failed. Income generating project funds have been wasted and their objectives were not achieved.

### **Recommendations**

- **Recipients assisted through income generating projects should be closely monitored and reviewed to ensure that projects undertaken are successful and would be able to sustain future needs of the recipients.**
- **The Department should ensure that all funds released are fully acquitted and acquittal reports are submitted within the specified time.**

<sup>9</sup> Cabinet Memorandum – Criteria for Poverty Alleviation Project dated 01/03/02

**Departments Comments**

*Income generating is given to Family Assistance recipients in an effort to wean them from the assistance programme. Failure of projects was to be expected as recipients are from poor backgrounds with little or limited exposure to formal education. The lack of process and assistance to those to be weaned off contributed to the inability of the recipients to survive on their already bare minimum income and the inefficiency of contracted NGO's identified by the recipients themselves, to deliver required the required services.*

*Other major contributing factors were the constant shift of the delivery unit for PAP funds that occurred in that year, the moving of PAP to be directly under the office of the CEO, the absence of a Director of Social Welfare for the year 2006 and the continuing change that was being made at all stages of the process*

**21.11 Awarding of PAP Funds without Proper Procedures**

All applications together with all relevant supporting documents must be submitted to the PAP Secretariat by the Divisional Social Welfare Officer to be included in the PAP committee meeting.<sup>10</sup>

All applications must be accompanied with the following documentary evidence:<sup>11</sup>

**Housing Projects**

- House Plan
- Quotations
- Carpenter/Labour agreement
- Land consent document
- Support letter from Community leader or church representative.

**Income Generating Projects**

- Quotations
- Feasibility Report
- Support letter from community leaders or church representatives
- Retails licences to operate
- Health approval letter.

Some applications lodged in 2001 and 2002 were approved by the PAP Committee in 2007. Documentary evidences were also filed as such audit was not able to establish the basis which led the PAP Committee to approve these applications. Refer to Table 21.10 for examples

**Table 21.10: Awarding of PAP Funds without Proper Procedures**

Recipient	Reference #	Project	Date Approved	Amount \$	NGO
Taniela Meke	NU/VV/53/02	Housing	25/02/07	5000.00	FCOSS
Lalita Devi	NU/MC/75/02	Housing	25/02/07	3500.00	FCOSS
Morotikei Vocevoce	NU/VV/437/01	Housing	25/02/07	5000.00	FCOSS
Sairusi Catiau	NU/SK/147/01	Housing	25/02/07	5000.00	FCOSS
Josevata Natuituba	NU/VV/380/01	Housing	25/02/07	5000.00	FCOSS
Esala Dau	SU/CD/02	Income Gen	25/02/07	3000.00	FCOSS
Inia Raimoli	NU/MC/120/03	Income Gen	25/02/07	3000.00	FCOSS
Nacanieli Moce	NU/TM/374/01	Housing	25/02/07	5000.00	FCOSS

<sup>10</sup> Finance Manual 2005 section 3.3.9

<sup>11</sup> Cabinet Memorandum – Criteria for Poverty Alleviation Project dated 01/03/02

Recipient	Reference #	Project	Date Approved	Amount \$	NGO
Diamaru Niucakau	SU/17/02	Housing	25/02/07	5000.00	FCOSS

The time taken to approve the cases by the PAP Committee is relatively long. It is probable when an applicant initially applies; he/she is in genuine need for such assistance. However, at the time of approval, the applicant may not be a genuine case needing urgent assistance. With the length of time taken to approve the cases, a recipient would be unlikely to be in the same financial situation when the application was made. It is possible that some of the applicants may have improved their financial situation and do not need any assistance.

### **Recommendations**

- **The Department should have documentary procedures in place to ensure timely approval of application.**
- **All the pending applications should be re-assessed to find out if the applicants are still in genuine need for assistance.**

### **Departments Comments**

*It is standard office practice that applications from the field are only forwarded to the Headquarters for consideration, when all the relevant documents are available. Further the PAP Secretariat only submits to the Committee, those applications which are complete in all aspects with all the relevant documents. This ensures that the PAP Committee has all the information available to them prior to making a decision.*

*Some applications already presented to the PAP committee once, are at times referred back to the field office for further information. The field office will then meet with the applicant to obtain the required information and forward to the secretariat once available. This does cause delays.*

*However it should be noted that the secretariat and the PAP office has moved from one office to the other on several occasions, due to reorganizations by the CEO. This may have caused the missing relevant documents.*

*The movements may have caused the misplacement of some earlier applications which when found, were submitted to the PAP committee. However this is not a regular occurrence.*

*It is true that at times the situation of recipients do change over a period of time. The applicants of PAP are mostly recipients of Family Assistance. For as long as an applicant is a recipient of family assistance, PAP assistance is valid.*

*The changes in circumstances of recipients are usually known to the Field Officers who return cheques in respect of those recipients who would no longer qualify or are deceased.*

*Backlog of cases is inevitable considering the high number of applications against the budgetary allocation for this purpose. The Secretariat for the Committee is tasked with the purpose of ensuring all relevant documents are available to the Committee. The only plausible explanation for this could be that documents may have fallen out of files already actioned when the Auditors did their review or it could be due to the continuous moving of files between Civic Towers and Suva Street offices.*

*The Auditor's observations are noted and procedures will be put in place to ensure that proper accountability is established.*

## **21.12 Recipients with Same Bank Account**

Cabinet approved that recipients of the Family Assistance Allowance should select the method of payment that is accessible and cost effective provided by postal services, ANZ Rural Banking and Colonial National Bank<sup>12</sup>

<sup>12</sup> Interim Government Cabinet Paper (07) 26 Date 13/02/07

The audit of FA records revealed that in some cases recipients have the same bank account numbers despite different reference numbers. In one instance one recipient had two bank accounts in different banks. Refer to Table 21.11 for examples.

**Table 21.11: Recipients Having Same Bank Account**

Reference Number	Bank	Account Number	Amount \$	Comments
501-104334	CNB	6232367	60.00	
501-105081	CNB	6232367	60.00	
503-103197	CNB	6252453	60.00	The recipient (501-104426) has one account with CNB (6252453) and one account with ANZ (9247495)
501-104426	CNB	6252453	60.00	
501-104426	ANZ	9247495	60.00	
403-105705	ANZ	9324685	60.00	
401-108004	ANZ	9324685	60.00	
201-106551	ANZ	8778039	60.00	
201-107059	ANZ	8778039	60.00	

This implies laxity by the Senior Welfare Officers in not properly checking the list prepared by the Divisional Clerks. It is possible that there may be more such cases not identified as a result of a lack of detail checks.

### **Recommendations**

- **The Department should review the current processing and payments procedures to avoid such overpayments.**
- **The officers responsible for making such entries should be more vigilant.**
- **Disciplinary action should be taken against responsible officers for not carrying out their duties with care.**
- **All the double payment into the bank accounts should be recovered.**
- **The list submitted by the Divisions should be properly checked at Headquarters before submitting to the respective banks.**

### **Departments Comments**

*This database was provided by divisional offices and it appears to be a typing error during the process. (Need clarification on 501-104334, 501-105081, 503-103197, 501-104426, 403-105705, 401-108004, 201-106551, 201-107059).*

*Some of the recipients were overpaid but was detected and recovery was carried out. Where recovery was not possible, recipients were not paid for that specified period.*

*The system is now centralized for further verification and closed monitoring at Headquarters before submitting to respective banks. The Department of Social Welfare has been identified as priority and is currently working closely with ITC on improving its database through e-governance.*

### 21.13 Real and Bogus Name with Same Bank Account Number

Each voucher should have the unique identifier of the client's reference number prefixed with their Cost-Centre and suffixed with the month and year that the voucher is valid for.<sup>13</sup>

Cabinet approved that recipients of the FA Allowance should select the method of payment that is accessible and cost effective provided by postal services, ANZ Rural Banking and Colonial National Bank.<sup>14</sup>

There were some cases where a reference number would have a real and a bogus recipient. The real and the bogus recipients are identified with the same reference number and the same bank account number. Therefore the recipients receive double payment into the same bank account number.

One Arun Lata is receiving \$75 via a bogus reference number 301-101967. The same reference number belongs to a recipient name Shiu Shankar.

Examples of such irregular payments are shown in Appendix 21.2.

The above finding reflects the existence of weak controls in respect of assisting recipients through the banking mode. In addition, the Senior Welfare Officers in districts were not scrutinizing the lists which were submitted to Headquarters.

#### Recommendations

- **The Department should review its procedure for processing payments effected by banking mode in order to avoid such overpayments.**
- **The officers responsible for making such entries should be more vigilant.**
- **Disciplinary action should be taken against responsible officers concerned for not carrying out their duties with care.**
- **All the double payment into the bank accounts should be recovered.**
- **The list submitted by the divisions should be properly checked at headquarters.**

#### Departments Comments

*Arun Lata is a recipient at Labasa office with reference number 301- 103169. Shiu Shankar was a recipient at the Labasa office with reference number 301-101967. However this case was terminated on 29/08/06 and the file was transferred to the Sigatoka office.*

*The system is now centralized for further verification and closed monitoring of information at Headquarters before submitting to respective banks. The Department of Social Welfare has been identified as priority and is currently working closely with ITC on improving its database through e-governance.*

*At the same time, we are in the process of drafting our Standard Operational Procedure to improve efficiency and effectiveness of the whole system.*

1. *Adrea Namalo – 101-105318-CNB-5577674  
Vilomena Senivuta – same as above  
Adrea is receiving allowance for the daughter Vilomena Senivuta*
2. *Ram Pyare – 503-103192 –CNB-6232675.  
Daulat – as above*

<sup>13</sup> Finance Instruction 2005 section 4.1.17

<sup>14</sup> Interim Government Cabinet Paper (07) 26 Date 13/02/07

*Ram Pyare is the recipient of FA. Daulat is the son who is receiving allowance on behalf of the father.*

3. *Juleka Bibi – 401-106937- ANZ-09375391*  
*Suleka Bibi – same as above*

*The discrepancy has been identified as receiving two allowances. The allowance for the above has been terminated. This happened due to the recipient having a different name on the Birth Certificate to that given at the time of the application.*

1. *Kalesi Marama – 402- 105340 –ANZ -09393172*  
*Marama Qiokata – same as above*

*The above two are the same person using different names. Marama Qiokata is the name in the Birth Certificate, hence the name in the Bank Account.*

5. *Etalia Sawea – 201-104176 – ANZ – 09343619*  
*Etalia Debalevu – same as above.*  
*Etalia Debalevu is the name in the Birth Certificate, hence in the Bank account.*  
*They are the same person.*

6. *Kamla Wati Dutt – 201 – 102511 –ANZ 07453025*  
*Kamla Wati – same as above*  
*Kamla Wati is the name in the Birth Certificate hence in the Bank account.*

## 21.14 Recipients receiving assistance through Voucher Book and Bank Mode

Cabinet approved that recipients of the FA Allowance are to select the method of payment that is accessible and cost effective provided by postal services, ANZ Rural Banking and Colonial National Bank.<sup>15</sup>

In certain cases the recipients of FA Allowance were cashing the voucher books provided by postal services as well as receiving assistance through the banking Mode. Refer to Table 21.12 for examples.

**Table 21.12: Recipients assisted through Voucher Book and Bank Mode**

Reference Number	Voucher Book #	Amount \$	Bank	Account Number	Amount \$
101-102189	16173	60.00	CNB	5990514	80.00
101-102370	19743	60.00	ANZ	09373008	60.00
101-105318	613	100.00	CNB	5577674	100.00

This issue highlights a total disregard by the Welfare officers to verify the list of recipients through voucher books and bank mode. The Senior Welfare officers have failed to check the lists as the double payments were not picked by them.

### **Recommendations**

- **One mode of payment should cease immediately and the overpaid allowance should be recovered.**
- **Surcharge action should be taken against officers who are identified to be responsible for the double payment.**

<sup>15</sup> Interim Government Cabinet Paper (07) 26 Date 13/02/07

- **The entire list should be checked by the Senior Welfare Officers before they are submitted for payments.**

#### **Departments Comments**

*Elenoa Likumocevakaca's book was issued as bank account was invalid [CNB 5990514] this was due to the fact that the file was updated for \$80.00 but the database records of \$60.00 remained. The bank account was therefore closed.*

*Mikaele Naibuka's account was invalid [ANZ 09373005], monies returned to the Department and mode changed to voucher book.*

*Andrea Namalo's allowance was sent to the bank [CNB 5577674] and a voucher book also prepared. The anomaly was identified and voucher book withdrawn immediately.*

*There was no loss to Government as immediate action was taken.*

### **21.15 Increase in allowance without SWO's Approval**

The volume of a commitment for FA is to remain with the current policy limits of minimum \$60 and maximum \$100.<sup>16</sup> Any change in the approved amount for assistance should be done after a through review to ascertain that some changes in circumstance really warrants an increase or decrease in the rate of assistance.

A recipient (Reference # 101-109026) file was transferred from Nausori Welfare Office to Nasinu Welfare Office where she was receiving \$60. However it is noted that she is now receiving \$80.00 from Nasinu Post Office.

There was no justification for the increase in allowance as no review was conducted on the recipient. Hence, the possibility of favouritism could not be ruled out.

#### **Recommendations**

- **A through assessment should be conducted on all recipients of FA allowance to ascertain the need for an increase.**
- **The officer responsible for increasing the allowance should provide explanations for his/her actions.**

#### **Departments Comments**

*Such incidences are not common as in the e-welfare programme amounts payable can only be changed by the SWO with their own password.*

*The anomaly has been identified and the allowance has been suspended pending further investigations.*

### **21.16 Recipients Uplifting Two Voucher Books**

Welfare officers are responsible for the dispatch of voucher books during the collection time.<sup>17</sup>

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<sup>16</sup> Finance Manual 2005 Section 4.1.9

<sup>17</sup> Finance Manual 2005 Section 4.1.33

- i. They are required to confirm the identities.
- ii. Ensure that the clients sign off on the dispatch reports.
- iii. Recipients must sign on voucher.

Some recipients are uplifting two voucher books via different reference numbers.  
Refer to Table 21.13 for example.

**Table 21.13: Recipients who Uplifted Two Voucher Books**

BIO Data	Recipient 1	Recipient 2	Remarks
Name	Akeneta Volasiga	Akeneta Ledua Volasiga	The application for via reference number 101-106702 was not approved by the SWO yet the voucher books were printed
Fathers Name	Sisa Lealea	Sisa Lealea	
Date of Birth	24/01/64	24/01/64	
Reference Number	101-102742	101-106702	
Post Office	Samabula	Samabula	
Amount \$	60.00	80.00	

BIO Data	Recipient 1	Recipient 2	Remarks
Name	Iliesa Tuilakeba	Iliesa Tuilakeba	Physical file for reference number 104-106270 was not produced for audit purposes.
Fathers Name	Peni Raisele	Peni Raisele	
Date of Birth	17/03/35	17/03/35	
Reference Number	104-105081	104-106270	
Post Office	Tubou	Tubou	
Amount \$	60.00	60.00	

BIO Data	Recipient 1	Recipient 2	Remarks
Name	Bimla Wati	Bimla Wati	Physical file for reference number 101-102536 was not produced for audit purpose.
Fathers Name	Begum Prasad	Begum Prasad	
Date of Birth	01/01/59	03/06/59	
Reference Number	101-105342	101-102536	
Post Office	Suva	Samabula	
Amount \$	61.00	61.00	

BIO Data	Recipient 1	Recipient 2	Remarks
Name	Jitoko Seru	Jitoko Seru	There are two posting agencies on the same Island
Fathers Name	Jone Bacau	Jone Bacau	
Date of Birth	08/04/1924	08/04/1924	
Reference Number	104-106101	104-106134	
Post Office	Cakova	Keteira	
Amount \$	60.00	60.00	

The above discrepancies clearly indicate that Welfare Officers deliberately created two reference numbers for recipients. They had also failed to identify these recipients during the voucher book collection time.

### **Recommendations**

- **Appropriate disciplinary action should be taken against the welfare officers responsible for the double payments.**
- **The Welfare Officers should be more vigilant while distributing the voucher books to identify recipients uplifting two voucher books.**
- **Recovery action should be taken from the above recipients for the double payments made**

**Departments Comments**

Akeneta Volasiga                      101-102742                      Elderly  
 Akeneta Ledua Volasiga's        101-106748                      Prisoner Dependent

Iliesa Tuilakeba                      104-105081                      1<sup>st</sup> payment received 1/1/04  
 Iliesa Tuilakeba                      104-106270                      1<sup>st</sup> payment received 8/12/05

*An application was filled in December 2002 and the second application was filled in January 2003. Both the applications were actioned but the payments were on hold due to the unavailability of funds. This happened because a large number of applications were received from the Maritime Zone and were being translated onto the English version of the forms and the double application could not be detected at that time because of the large numbers.*

*The double payment was detected in June 2007 and the voucher book [104-106270] was terminated immediately.*

Bimla Wati                                      101-105342  
 Bimla Wati                                      101-102536

Jitoko Seru                                      104-106101                      Approved on 23/7/2003  
 Jitoko Seru                                      104-106134                      Approved on 26/11/2003

*One recipient for 2 vouchers books.*

*Akeneta Volasiga's case was an error of the Auditors as they are two different individuals.*

*Jitoko Seru will have both accounts terminated from July 2008.*

**21.17 Review of Family Assistance Recipients**

Controls need to be in place to ensure that the right recipient continues to receive the funds under the family assistance program.

A review of family assistance recipients is not conducted regularly and this can result in the Department not knowing if and when a recipient has died. Thus, funds may continue to be paid out to relatives of the deceased recipient who does not qualify for the assistance.

The table below shows examples of cases not reviewed on regular basis.

**Table 21.14: Recipients not reviewed on Regular basis**

Recipient	Reference Number	Date of Last Review
Gonedau Cabemaiwai	101-103405	15/03/05
Vetinia Pateta	101-102948	31/03/05
Laisani Vakuruivalu	101-102769	15/04/05
Sukh Mati	101-105507	19/09/02
Parvati Gurdin	101-103115	14/03/05

There are no checks in place where the department can detect whether a recipient has passed away. There is no work program available where welfare officers could visit the various recipients to determine whether a certain recipient is still living and receiving the approved allowance.

### **Recommendations**

- **The Department should carry out a yearly review of the recipients.**
- **Work program should be drawn for Welfare officers to visit homes of recipients to determine whether the recipients are still living and receiving the allowances.**

### **Departments Comments**

*Periodical review is in place. One of the strategies is the introduction of ID Certificate and ID card which recipients need to produce during the uplifting of voucher books. This is followed by home visitation by Welfare Officers.*

*Given the number of recipients on our roll, the lack of vehicles and the high number of vacancies, regular review of all cases is a mammoth task and which now has become near impossible to achieve.*

*Apart from Family Assistance review, Poverty Alleviation Projects and Care & Protection Allowance cases also need to be reviewed on a regular basis.*

## **21.18 Revenue Variances**

Each Accounting Head shall ensure that revenue is recorded against the correct account; the recording of revenue is reconciled monthly with the Ministry of Finance; the Ministry of Finance is advised of any errors or discrepancies within 10 working days after the end of each month.<sup>18</sup>

Revenue totalling \$187,057 disclosed in the financial statements was derived from the FMIS records. However audit has noted that the Department is not a revenue collecting agency and it is not aware of the nature of revenue appearing under the Head 24.

The audit also could not substantiate the accuracy of the total revenue received during the year as shown in the financial statements.

### **Recommendation**

**The Ministry should immediately reconcile the revenue accounts.**

### **Ministry's Comment**

## **21.19 Drawings Account Reconciliation**

All bank accounts shall be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other items and be signed and dated by the responsible officer.<sup>19</sup>

The Department had not prepared the Drawing Account reconciliations for 2007. As of the date of audit, the department had only prepared reconciliations for January 2007. The possibility of fraud and error can not be ruled out.

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<sup>18</sup> Finance Instruction 2005 – Section 30 (1)

<sup>19</sup> Finance Instruction Section 39 (5) - 2005

**Recommendations**

- The Department should carry out monthly reconciliations of the Drawings account on a regular basis.
- Explanations should be sought from the Senior Accounts Officer.

**Departments Comment****21.20 Operating Trust Fund Account**

By the nature of Operating Trust Account it should always have a credit balance at the end of each month. However audit noted that the trust fund balance for the Department of Women and Social Welfare had debit balances as at 31/12/07.

The debit balances indicate that the Department of Women and Social Welfare had overdrawn its Operating Trust Account. Refer to Table 21.15.

**Table 21.15: Details of Overdrawn Balance**

Month	Closing Balance \$ Dept Social Welfare	Closing Balance \$ Dept Women
December	(23,178.32)	(10,875.48)

**Recommendation**

The Ministry should ensure that credit balance is maintained in the Trust Fund Account at all time.

**Departments Comment****21.21 Losses Report**

Details of losses incurred each year shall be reported in the agency's annual financial statement in accordance with the reporting format set out in these Instructions.<sup>20</sup>

The Department failed to prepare the losses report for 2007.

**Recommendation**

The Department should prepare a losses report in accordance with Finance Instruction 82.

**Departments Comment**

<sup>20</sup> Finance Instruction Section 66 - 2005

**Appendix 21.1: Statement of Output Costs****General Administration**

Description	Notes	2007 \$	2006 \$
<b>EXPENDITURES</b>			
<b>Operating</b>			
Established staff		1,004,659	1,127,312
Unestablished staff		132,800	163,488
Travel & communication		41,706	31,889
Maintenance & Operations		69,708	70,309
Purchase of goods & services		37,654	38,713
Operating grants & transfers		259,000	484,030
Special expenditures		-	50,000
<b>Total Operating Costs</b>		<b>1,545,527</b>	<b>1,965,741</b>
<b>Capital Expenditure</b>			
Capital Construction		-	8,700
Capital Purchases		-	78,477
Capital Grants & Transfers		1,051,367	3,719,917
<b>Total Capital Expenditure</b>		<b>1,051,367</b>	<b>3,807,094</b>
Value Added Tax		153,426	176,210
<b>TOTAL EXPENDITURES</b>		<b>2,750,320</b>	<b>5,949,045</b>

**Poverty Eradication Unit**

Description	Notes	2007 \$	2006 \$
<b>EXPENDITURES</b>			
<b>Operating</b>			
Established staff		39,171	56,387
Unestablished staff		-	9,028
Travel & communication		9,679	9,336
Maintenance & Operations		7,814	6,377
Purchase of goods & services		916	78
Operating grants & transfers		-	-
Special expenditures		-	70,779
<b>Total Operating Costs</b>		<b>57,580</b>	<b>151,985</b>
<b>Capital Expenditure</b>			
Capital Construction		-	-
Capital Purchases		-	2,586
Capital Grants & Transfers		-	-
<b>Total Capital Expenditure</b>		<b>-</b>	<b>2,586</b>
Value Added Tax		5,021	27,860
<b>TOTAL EXPENDITURES</b>		<b>62,601</b>	<b>182,431</b>

**Institutional Services**

Description	Notes	2007 \$	2006 \$
<b>EXPENDITURES</b>			
<b>Operating</b>			
Established staff		146,041	165,076
Unestablished staff		127,232	152,369
Travel & communication		2,187	1,494
Maintenance & Operations		23,925	17,431
Purchase of goods & services		10,450	8,299
Operating grants & transfers		-	-
Special expenditures		-	-
<b>Total Operating Costs</b>		<b>309,835</b>	<b>344,669</b>
<b>Capital Expenditure</b>			
Capital Construction		-	-
Capital Purchases		-	-
Capital Grants & Transfers		-	-
<b>Total Capital Expenditure</b>		<b>-</b>	<b>-</b>
Value Added Tax		10,292	16,180
<b>TOTAL EXPENDITURES</b>		<b>320,127</b>	<b>360,849</b>

**Field Services**

Description	Notes	2007 \$	2006 \$
<b>EXPENDITURES</b>			
<b>Operating</b>			
Established staff		1,102,493	1,271,385
Unestablished staff		102,247	123,909
Travel & communication		35,634	33,709
Maintenance & Operations		50,553	47,637
Purchase of goods & services		99,243	68,513
Operating grants & transfers		18,211,568	14,896,158
Special expenditures		6,100	20,127
<b>Total Operating Costs</b>		<b>19,607,838</b>	<b>16,461,438</b>
<b>Capital Expenditure</b>			
Capital Construction		-	-
Capital Purchases		-	31,556
Capital Grants & Transfers		-	-
<b>Total Capital Expenditure</b>		<b>-</b>	<b>31,556</b>
Value Added Tax		160,337	112,621
<b>TOTAL EXPENDITURES</b>		<b>19,768,175</b>	<b>16,605,615</b>

**Women and Gender Development**

Description	Notes	2007 \$	2006 \$
<b>EXPENDITURES</b>			
<b>Operating</b>			
Established staff		569,615	659,457
Unestablished staff		45,100	48,211
Travel & communication		46,831	61,002
Maintenance & Operations		30,356	44,027
Purchase of goods & services		12,263	213
Operating grants & transfers		-	-
Special expenditures		-	-
<b>Total Operating Costs</b>		<b>704,165</b>	<b>812,910</b>
<b>Capital Expenditure</b>			
Capital Construction		-	-
Capital Purchases		-	-
Capital Grants & Transfers		280,492	339,195
<b>Total Capital Expenditure</b>		<b>280,492</b>	<b>339,195</b>
Value Added Tax		28,059	67,078
<b>TOTAL EXPENDITURES</b>		<b>1,012,716</b>	<b>1,219,183</b>

**Housing**

Description	Notes	2007 \$	2006 \$
<b>EXPENDITURES</b>			
<b>Operating</b>			
Established staff		119,599	0.00
Unestablished staff		2,292	0.00
Travel & communication		20,000	0.00
Maintenance & Operations		32,000	0.00
Purchase of goods & services		6,398	0.00
Operating grants & transfers		1,000,000	0.00
Special expenditures		31,773	0.00
<b>Total Operating Costs</b>		<b>1,212,062</b>	<b>0.00</b>
<b>Capital Expenditure</b>			
Capital Construction		330,647	0.00
Capital Purchases		-	0.00
Capital Grants & Transfers		1,112,000	0.00
<b>Total Capital Expenditure</b>		<b>1,442,647</b>	<b>0.00</b>
Value Added Tax		-	0.00
<b>TOTAL EXPENDITURES</b>		<b>2,654,709</b>	<b>0.00</b>

**Appendix 21.2: Real and Bogus Name with Same Bank Account Number**

BIO Data	Real Recipient	Bogus Recipient
Name	Adrea Namalo	Vilomena Senivuta
Reference Number	101-105318	101-105318
Bank	CNB	CNB
Account Number	5577674	5577674
Amount Per Month	100.00	100.00

BIO Data	Real Recipient	Bogus Recipient
Name	Ram Pyare	Daulat
Reference Number	503-103192	503-103192
Bank	CNB	CNB
Account Number	6232673	6232673
Amount Per Month	60.00	60.00

BIO Data	Real Recipient	Bogus Recipient
Name	Juleka Bibi	Sulekha Bibi
Reference Number	401-106937	401-106937
Bank	ANZ	ANZ
Account Number	09375391	09375391
Amount Per Month	60.00	60.00

BIO Data	Real Recipient	Bogus Recipient
Name	Kalesi Marama	Marama Kgiokata
Reference Number	402-105340	402-105340
Bank	ANZ	ANZ
Account Number	09393172	09393172
Amount Per Month	60.00	60.00

BIO Data	Real Recipient	Bogus Recipient
Name	Etalia Sawea	Etelia Debalevu
Reference Number	201-104176	201-104176
Bank	ANZ	ANZ
Account Number	09343619	09343619
Amount Per Month	64.00	64.00

BIO Data	Real Recipient	Bogus Recipient
Name	Kamla Wati Dutt	Kamla Wati
Reference Number	201-102511	201-102511
Bank	ANZ	ANZ
Account Number	07453023	07453023
Amount Per Month	60.00	60.00

BIO Data	Real Recipient	Bogus Recipient
Name	Mitieli Rokoua	Mitieli Roakalau
Reference Number	201-103474	201-103474
Bank	ANZ	ANZ
Account Number	09362825	09362825
Amount Per Month	60.00	60.00

BIO Data	Real Recipient	Bogus Recipient
Name	Sekove Ravoka	Saloma Ravoka
Reference Number	201-106194	201-106194
Bank	ANZ	ANZ
Account Number	09368055	09368055
Amount Per Month	60.00	60.00

BIO Data	Real Recipient	Bogus Recipient
Name	Arun Lata	Arun Lata
Reference Number	301-103169	301-101967
Bank	CNB	CNB
Account Number	1998121	1998121
Amount Per Month	75.00	75.00

## Section 22

# Ministry of Youth, Sports and Employment Opportunities

### Programme Statement

The Ministry of Youth, Employment Opportunities & 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.

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## FINANCIAL STATEMENT

### 22.1 Audit Opinion

The audit of the 2007 accounts of the Ministry of Youth, Sports and Employment Opportunities resulted in the issue of a qualified audit report.

The qualifications are as follows:

- a) The Ministry had consolidated its expenditures into four Statement of Output Costs whereas the Budget Estimates 2007 prescribes six outputs. The facility to allow the measurement and accounting of output costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Office under each output.
- b) The Ministry has not provided a Trust Account Statement of Receipts and Payments in accordance with section 82(1) of the Finance Instructions. The Finance Management

Information System shows that the Trust Account had a balance of \$367,270 as at 31 December 2007.

## 22.2 Statement of Receipts and Expenditures

The Ministry incurred a total expenditure of \$6,303,962 in 2007 compared to \$5,784,633 in 2006. Details are provided in Table 22.1.

**Table 22.1: Statement of Receipts and Expenditures for 2007**

Description	2007 \$	2006 \$
<b>RECEIPTS</b>		
State Revenue		
Operating Revenue	32,708	1,922
<b>Total State Revenue</b>	<b>32,708</b>	<b>1,922</b>
Agency Revenue		
Miscellaneous Revenue	12,337	51,839
Sales of School Farm Produce	8,468	4,851
<b>Total Agency Revenue</b>	<b>20,805</b>	<b>56,691</b>
<b>TOTAL REVENUE</b>	<b>53,512</b>	<b>58,612</b>
<b>EXPENDITURES</b>		
Operating		
Established staff	1,444,876	1,394,568
Unestablished staff	141,492	138,542
Travel & communication	89,348	129,837
Maintenance & Operations	112,603	173,171
Purchase of goods & services	313,108	349,775
Operating grants & transfers	976,924	1,033,167
Special expenditures	2,462,106	1,152,192
<b>Total Operating Costs</b>	<b>5,540,457</b>	<b>4,371,252</b>
Capital Expenditure		
Capital Construction	140,404	383,015
Capital Purchases	-	-
Capital Grants & Transfers	71,583	488,114
<b>Total Capital Expenditure</b>	<b>211,987</b>	<b>871,129</b>
Value Added Tax	140,404	383,015
<b>TOTAL EXPENDITURES</b>	<b>6,303,962</b>	<b>5,784,633</b>

## 22.3 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 22.1.

## 22.4 Appropriation Statement

The Ministry incurred expenditures totalling \$6,303,962 in 2007 against the budget of \$7,732,325 resulting in a savings of \$1,428,363 or 18%.

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

**Table 22.2: Appropriation Statement for 2007**

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	1,456,850		1,456,850	1,444,876	0	11,974
2	Unestablished Staff	173,855		173,855	141,492	0	32,363
3	Travel & Communication	109,820		109,820	89,348	0	20,472
4	Maintenance & Operations	134,350		134,350	112,603	0	21,747
5	Purchase of Goods & Services	346,243		346,243	313,108	0	33,135
6	Operating Grants & Transfers	1,076,200	111,000	1,187,200	976,924	0	210,276
7	Special Expenditure	3,278,707	(39,757)	3,238,950	2,462,106	0	776,844
	<b>Total Operating Costs</b>	<b>6,576,025</b>	<b>71,243</b>	<b>6,647,268</b>	<b>5,540,457</b>	<b>0</b>	<b>1,106,811</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	150,000	39,757	189,757	140,404	0	49,353
9	Capital Purchases	0		-	0	0	-
10	Capital Grants and Transfers	300,000	(111,000)	189,000	71,583	0	117,417
	<b>Total Capital Expenditure</b>	<b>450,000</b>	<b>71,243</b>	<b>378,757</b>	<b>211,987</b>	<b>0</b>	<b>166,770</b>
13	Value Added Tax	706,300		706,300	551,518	0	154,782
	<b>TOTAL EXPENDITURE</b>	<b>7,732,325</b>		<b>7,732,325</b>	<b>6,303,962</b>	<b>0</b>	<b>1,428,363</b>

The Ministry of Finance approved the transfer of \$71,243 between the SEGs under the Department's head.

## 22.5 Statement of Losses

The Ministry did not incur any loss of assets during the financial year ending 31/12/07

## AUDIT FINDINGS

### 22.6 Authority for Expenditure

For funds placed under requisition, the approval of the Minister of Finance must be sought before funds can be expended for the purposes identified in the Annual Budget.<sup>1</sup>

Audit noted that for the following funds which were under Requisition (R), the Ministry had spent more than the amount approved by the Minister of Finance.

<sup>1</sup> Finance Instruction (9) (1) - 2005

**Table 22.3: Details of amount spent without approval**

Allocation	Item Description	Budgeted Amount	Total Amount Committed	RIE Approved Amount	Amount Spent Without Approval
		\$	\$	\$	\$
25-2-1-6	Overseas Sporting Tours	100,000	89,330	63,000	26,330
25-2-1-6	Sports Outreach Programme	100,000	75,202	50,000	25,202
25-1-2-6	National Youth Services	350,700	328,085	261,915	66,170
25-1-2-8	National Youth Training Centre Upgrade	150,000	102,317	68,051	34,266
25-2-1-7	WNC Team Preparation	350,000	378,754	350,000	28,754
25-2-1-10	Rural Sports Field	89,000	8,524	0	8524
	<b>TOTAL</b>	<b>1,139,700</b>	<b>982,212</b>	<b>792,966</b>	<b>189,246</b>

The Ministry failed to follow proper procedures in incurring expenditures resulting in excess expenditures totalling \$189,246.

### **Recommendations**

- **The Ministry should ensure that amounts approved in the RIEs are not overspent.**
- **Appropriate disciplinary action should be taken against the officer(s) responsible for the over-expenditures.**

### **Management Comment**

*Relevant RIE applications for the funds highlighted were submitted to Finance well within the year in line with the Department's approved budget to facilitate various programmes and activities scheduled for 2007.*

*Unfortunately, RIEs totalling in excess of \$1.0m were later declined and returned to the Department in late November, 2007 for reasons best answered by Finance.*

*It must be noted that the various programmes and activities were implemented in line with scheduled dates set earlier in the year by the various divisions through its divisional work plans.*

*However, your recommendations are noted and every precaution is being taken to ensure that expenditure incurred is confined to approve RIEs even at the expense of deferring and suspending planned programmes, activities, etc.*

#### **A) WNC Team Preparation**

*For clarification purposes, please note the total expenditure of \$378,754 includes the sum of \$129,617 relating to WNC liability payment which had a separate budget of \$130,000.*

*Relevant RIEs for both, WNC Team Preparation (\$350,000) and WNC Liability (\$130,000) were approved by Finance.*

#### **B) Rural Sports Field**

*The RIE application for Rural Sports Field submitted in the 1<sup>st</sup> quarter of 2007 was eventually declined and returned in November, 2007.*

*Out of the \$200,000 budget \$111,000 was vired to the Fiji Rugby Union World Cup Preparation leaving a balance of \$89,000*

A cheque of \$7,457.14 was received from the Hobie Cat Championship Organizing Committee which was credited to the Rural Sports Field allocation to facilitate the hire cost of the Department's D6 machine (fuel, parts, operator's weekly wages, cartage of machine, etc)

The D6 machine was hired to carry out clearance and construction works on the Laucala Bay shoreline in anticipation of the 2007 Hobie Cat Championship.

## 22.7 Sports Grant – Non Submission of Acquittals

The recipient organization within two weeks of utilizing the grant is required to return to the Ministry evidence of expenditures with all acquittal details including receipts, invoices and vouchers before the end of each quarter or the release of the next grant.<sup>2</sup>

Audit of the funds provided to the sporting bodies in 2007 revealed that many of these bodies had failed to submit their acquittals. Refer to Table 22.4 for examples of acquittals still outstanding.

**Table 22.4: Non Submission of Acquittals**

Date	Recipient	Amount (\$)	Time lapsed since the due date
17/10/07	Hobie Cat 16th World Championship	234,868	4 months
26/10/07	Fiji Weight Lifting Association	7,330	4 months
15/10/07	Fiji Rugby Union	111,000	4 months
26/10/07	Fiji Swimming Association	2,500	4 months
9/10/07	Fiji Basketball Federation	2,500	4 months
20/03/07	Fiji Surfing Association	3,000	11 months
21/08/07	Fiji Association of Sports & National Olympic Committee	298,796	6 months
18/04/07	Fiji Triathlon Association	3,000	10 months
13/03/07	Shooting Association of Fiji	2,500	11 months
31/07/07	Fiji Squash Association	1,500	7 months
18/04/07	Fiji Baseball Association	2,500	10 months
29/08/07	Fiji Hockey Federation	14,000	6 months

In the absence of acquittals it would be difficult to assess how effectively the grants had been used and whether grants have been used for the intended purposes.

### Recommendations

- The Ministry should ensure that acquittals are submitted on a timely basis.
- All acquittals should be supported by invoices and vouchers otherwise an audited financial statement should be submitted.

### Ministry's Comment

SRL	RECIPIENT	AMOUNT (\$)	TIME LAPSE SINCE THE DUE DATE	REMARKS
1.	Hobbie Cat	234,868	4 months	The Ministry had enquired from Dr Robin Mitchell on the acquittals and the response was sent to the Auditor General's Office. "All documents are with the auditors".

<sup>2</sup> Agreement between the Government of the Republic of the Fiji Islands and Sports Association.

SRL	RECIPIENT	AMOUNT (\$)	TIME LAPSE SINCE THE DUE DATE	REMARKS
2.	Fiji Weightlifting	7,330	4 months	Acquitted on 3/4/08
3.	Fiji Rugby Union	111,000	4 months	Acquitted in 2007
4.	Fiji Swimming	2,500	4 months	
5.	Fiji Baseball Association	2,500	4 months	Acquitted on 6/12/07
6.	Fiji Surfing Association	3,000	11 months	
7.	FASANOC	298,796	6 months	Acquitted in 2007
8.	Fiji Triathlon	3,000	10 months	
9.	Shooting Association of Fiji	2,500	11 months	Acquitted on 25/4/08
10.	Fiji Squash	1,500	7 months	
11.	Fiji Hockey Federation			The Honorary Secretary is finalizing report and should be submitted to the Ministry by Monday Week, 28/4/08
12.	Fiji Basketball			
13.	Fiji Association of Sports and National Olympic Committee	298,796	6 months	Acquitted in 2007

- Most of the sporting bodies do not have full time administrators to look after the submission of acquittal details and meeting the requirements stipulated in the Agreement, thus the submission of acquittals normally takes time.
- The Ministry had reminded the sporting bodies concerned and will continue to do so until the outstanding acquittals are received.
- The procedure in place is that “**no sporting body with outstanding acquittals**” will receive any further funds until the previous acquittal is received and verified by the Ministry.
- We note the above recommendation and for the disbursement of future grants will indicate the following: “**if funds are not submitted within the time frame stipulated in the Agreement, no sporting body will be given anymore funds for the year**”.... Even if a sporting body is qualified to participate at any major World Championships like the Olympic Games.

## 22.8 Ticket Allocation Netball World Cup-2007

Accounting officers and all other officers responsible for expenditure shall at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sums spent.

Audit noted that NZ\$15,000 was spent by the Ministry upon request by Netball Fiji for the purchase of the 2007 Netball World Championship tickets.

Audit noted that Netball Fiji had ordered 20 sets<sup>3</sup> of tickets for the whole tournament. Audit scrutiny revealed a number of anomalies:

- the number of tickets ordered was unplanned and no justification was provided to the Ministry on the number of tickets to be purchased;
- 4 sets of tickets costing \$3,000 were unused and were returned to the Ministry of Youth and Sports;
- 3 sets of unused tickets had to be sold from which the expenses incurred in 2007 were paid off.
- the allocation of the tickets were bias and uneconomical. Refer to Table 22.5 for details:

<sup>3</sup> A set refers to tickets for all the matches.

**Table 22.5: Ticket Allocation**

Name	Number of Sets	Reason for ticket allocation
Mr. Rajesh Singh	1 set	Former Minister, request was made by the Ministry of Youth and Sports, Mr. Lekh Ram Vayeshnoi.
Mrs. Erenavula	1 set	The netball player, Ana Erenavula's mother.
Mrs. Rabuka	1 set	The netball player, Mere Rabuka's mother.
Mrs. Nalatu	1 set	Simone Nalatu's Mother
Mr. & Mrs. Bari & Miss Bari	3 sets	Family of Talei Bari
Coaches (Taina, Melaia, Alumeci)	3 sets	3 FNA Coaches, who attended the netball coaching program in New Zealand.
Delegates Driver	1 set	Delegates Driver in New Zealand
Physiotherapist	1 set	Physiotherapist for the Fiji netball team
Mr. John Sachs	1 set	Husband of one of the 3 coaches mentioned above.

The number of tickets purchased was not economical and the allocation of the tickets was bias and resulted in wastage of tax payers' funds.

### **Recommendation**

**The Ministry should exercise proper economy in the expenditure of public funds at all time and funds should be used for authorized purposes only.**

### **Ministry's Comments**

- *According to the Ticket Allocation Order Form provided to Netball Fiji by the WNC Organizing Committee there was a maximum of 20 per team mentioned, thus the order of 20 tickets*
- *The 4 sets of tickets which remained unused was the result of dissemination on a daily basis upon requests by the Fijian supporters and fans in New Zealand. This led to some of the days tickets missing from the pack.*
- *The Ministry notes this and for future disbursement of funds such as this that a more stringent procedure be used.*
- *For future programs when the ministry is given such responsibility, that a Ministry official be assigned to be part of the team and to be responsible in looking after these funds for the organization during any overseas travel.*

## Appendix 22.1 – Statements of Output Costs

### General Administration 2007

Description	2007 \$	2006 \$
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established staff	546,713	493,388
Unestablished staff	57,303	55,500
Travel & communication	37,758	67,080
Maintenance & Operations	38,042	72,509
Purchase of goods & services	136,516	159,969
Operating grants & transfers	134	-
Special expenditures	1,092,380	-
<b>Total Operating Costs</b>	<b>1,908,846</b>	<b>848,446</b>
<b>Capital Expenditure</b>		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
<b>Total Capital Expenditure</b>	<b>-</b>	<b>-</b>
Value Added Tax	222,187	141,622
<b>TOTAL EXPENDITURES</b>	<b>2,131,033</b>	<b>990,068</b>

### Youth Development 2007

Description	2007 \$	2006 \$
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established staff	697,531	715,836
Unestablished staff	69,043	67,482
Travel & communication	30,938	39,125
Maintenance & Operations	58,170	77,446
Purchase of goods & services	37,046	46,179
Operating grants & transfers	262,207	310,288
Special expenditures	386,191	498,043
<b>Total Operating Costs</b>	<b>1,541,126</b>	<b>1,754,399</b>
<b>Capital Expenditure</b>		
Capital Construction	140,404	383,015
Capital Purchases	-	-
Capital Grants & Transfers	63,050	101,968
<b>Total Capital Expenditure</b>	<b>203,454</b>	<b>484,983</b>
Value Added Tax	154,121	249,894
<b>TOTAL EXPENDITURES</b>	<b>1,898,701</b>	<b>2,489,276</b>

**Development, Research, Public Relation 2007**

Description	2007 \$	2006 \$
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established staff	101,459	88,075
Unestablished staff	-	-
Travel & communication	3,458	4,564
Maintenance & Operations	991	1,512
Purchase of goods & services	15,763	21,408
Operating grants & transfers	177	-
Special expenditures	-	-
<b>Total Operating Costs</b>	<b>121,848</b>	<b>115,559</b>
<b>Capital Expenditure</b>		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	-	-
<b>Total Capital Expenditure</b>	<b>-</b>	<b>-</b>
Value Added Tax	14,542	24,697
<b>TOTAL EXPENDITURES</b>	<b>136,390</b>	<b>140,256</b>

**Sports Development 2007**

Description	2007 \$	2006 \$
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established staff	99,174	97,269
Unestablished staff	15,147	15,560
Travel & communication	17,194	19,069
Maintenance & Operations	15,400	21,705
Purchase of goods & services	123,783	122,218
Operating grants & transfers	714,407	722,879
Special expenditures	983,536	654,149
<b>Total Operating Costs</b>	<b>1,968,641</b>	<b>1,652,849</b>
<b>Capital Expenditure</b>		
Capital Construction	-	-
Capital Purchases	-	-
Capital Grants & Transfers	8,533	386,145
<b>Total Capital Expenditure</b>	<b>8,533</b>	<b>386,145</b>
Value Added Tax	160,668	126,040
<b>TOTAL EXPENDITURES</b>	<b>2,137,842</b>	<b>2,165,034</b>

## Section 23 Ministry of Agriculture, Fisheries and Forestry

### Programme Statement

The Agriculture Sector 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: facilitating 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.

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## CONSOLIDATED FINANCIAL STATEMENT

The Ministry of Agriculture, Fisheries and Forestry have not consolidated their financial statements as required.

## MINISTRY OF AGRICULTURE

### FINANCIAL STATEMENT

#### 23.1 Audit Opinion

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

The qualifications are as follows.

- The Ministry of Agriculture has not consolidated its financial statements with the Department of Fisheries and Department of Forests as required.
- The amounts in the Statement of Output Costs have been estimated as the facility to allow the measurement and accounting of these costs has yet to be integrated in the Financial Management Information System (FMIS) of government. It is not possible therefore to determine the accuracy of the expenditures incurred by the Ministry under each output.
- The Ministry has not provided a Trust Account Statement of Receipts and Payments contrary to Finance Instructions 82(1). The Financial Management Information System as at 31/12/07 shows an overdrawn balance of \$512,485 in the Operating Trust Fund Account and a balance of \$499,791 in the Main Trust Account.
- There is a significant variance between the VAT records and the accounts as at 31 December 2007.

- The opening balances for various accounts in the Trading and Manufacturing activities including opening stock were not transferred to the new chart of accounts of the Finance Management Information System. The stock certificates as at 31/12/07 were not provided for audit.

## 23.2 Statement of Receipts and Expenditure

The Ministry incurred a total expenditure of \$32,946,449 in 2007 compared to \$45,081,294 in 2006.

Descriptions	2007 \$	2006 \$
<b>RECEIPTS</b>		
State Revenue		
Operating Revenue	543,168	488,441
Total State Revenue	543,168	488,441
Agency Revenue		
Entity Revenue	108,015	308,577
Total Agency Revenue	108,015	308,577
<b>TOTAL REVENUE</b>	<b>651,185</b>	<b>797,018</b>
<b>EXPENDITURES</b>		
Operating Expenditure		
Established Staff	13,524,617	14,430,374
Government Wage Earners	4,974,016	6,656,955
Travel & Communications	537,050	557,635
Maintenance & Operations	1,484,766	1,632,558
Purchase of Goods & Services	340,374	660,892
Operating Grants & Transfers	897,509	989,097
Special Expenditure	234,626	401,686
Total Operating Expenditure	21,992,958	25,329,197
Capital Expenditure		
Capital Construction	4,694,209	10,753,991
Capital Purchase	380,069	256,764
Capital Grants & Transfers	2,655,367	4,836,120
Total Capital Expenditure	7,729,645	15,846,875
Value Added Tax	3,223,846	3,905,222
<b>TOTAL EXPENDITURE</b>	<b>32,946,449</b>	<b>45,081,294</b>

## 23.3 Statement of Output Costs

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

## 23.4 Appropriation Statement

The Ministry incurred expenditures totalling \$32,946,449 in 2007 against a revised budget of \$38,464,700 resulting in a savings of \$5,518,251 or 14%.

SEG	Item	Budget Estimate	Change	Revised Estimate	Actual Expenditures	Lapsed Appropriation
1	Established Staff	13,488,800	513,400	14,002,200	13,524,617	477,583
2	Government Wage Earners	4,879,800	424,400	5,304,200	4,974,016	330,184
3	Travel & Communications	629,200	0	629,200	537,050	92,150
4	Maintenance & Operations	1,714,500	0	1,714,500	1,484,766	229,734
5	Purchase of Goods & Services	432,200	0	432,200	340,374	91,826
6	Operating Grants & Transfers	979,200	0	979,200	897,509	81,691
7	Special Expenditure	388,500	0	388,500	234,626	153,874
	<b>Total Operating Costs</b>	<b>22,512,200</b>		<b>23,450,000</b>	<b>21,992,958</b>	<b>1,457,042</b>
8	Capital Construction	6,991,200	0	6,991,200	4,694,209	2,296,991
9	Capital Purchase	408,800	0	408,800	380,069	28,731
10	Capital Grants & Transfers	4,950,000	(937,800)	4,012,200	2,655,367	1,356,833
	<b>Total Capital Expenditure</b>	<b>12,350,000</b>		<b>11,412,200</b>	<b>7,729,645</b>	<b>3,682,555</b>
13	Value Added Tax	3,602,500	0	3,602,500	3,223,846	378,654
	<b>TOTAL EXPENDITURE</b>	<b>38,464,700</b>	<b>0</b>	<b>38,464,700</b>	<b>32,946,449</b>	<b>5,518,251</b>

### 23.5 Statement of Losses

The Ministry's losses during the year is in respect sheep deaths. The value of sheep which died in 2007 totalled \$9,323 compared to \$4,466 in 2006.

### 23.6 Profit and Loss Statement – Trading and Manufacturing Activity

The amounts in this statement could not be reconciled to the accounts in the Financial Management Information System.

Descriptions	2007 \$	2006 \$
Sales	593,816.65	838,932.00
Opening Stock	8,232.00	8,232.00
Add: Purchases	257,619.28	169,251.04
Total Stock available for sale	265,851.28	177,483.04
Less: Closing Stock	(220,850.84)	(8,232.00)
Less: Cost of Goods Sold	(45,000.44 )	(169,251.04 )
Gross Profit	548,816.21	669,680.96
Gross Profit transferred from Trading A/C	548,816.21	669,680.96
Total Income	548,816.21	669,680.96
Less: Expenses		
Administrative costs	15,287.00	87,988.00
Net Profit	533,529.21	581,692.96

The individual transactions were not posted directly to the Financial Management Information System. They were manually prepared and posted at summary level in the accounts. The reconciliations were incorrect and did not agree to the general ledger. Stock certificates were not submitted for audit.

## AUDIT FINDINGS

### 23.7 FNPF RECONCILIATION

At the end of each month a reconciliation statement shall be completed and retained for audit purposes to ensure that all the entries made to the control account agree with the final monthly total.<sup>1</sup>

Scrutiny of the Department's FNPF and Salaries records revealed a significant variance. Refer to details provided

	<b>Employers Contribution</b>	<b>(\$)</b>	<b>(\$)</b>
SEG 1	Established Staff	924,174.20	
SEG 2	Unestablished staff	155,990.79	
	Add: FNPF of Other Allowances Related Payments	<u>103,994.05</u>	
			1,184,159.04
	<i>Add:</i> December 2007 Employers Contribution		<u>134,268</u>
			1,318,471
	<i>Less:</i> December 2006 Employers Contribution		<u>179,488</u>
	<b>Total Employers Contribution</b>		<b><u>1,138,938.76</u></b>
	<b>Employees Contribution</b>		
	Salaries & Wages & Allowance as per FS	17,418,468.06	
	Less: Salaries not subject to FNPF	<u>225,928.33</u>	
	Salaries, Wages & for 2007		<u>17,192,539.73</u>
	<b>Employers Contribution 8% of \$17,192,539.73</b>		<b><u>1,375,403.18</u></b>
	<b>Variance</b>		<b><u>236,464.42</u></b>

The inconsistency in the reconciliations and poor monitoring by the Ministry has resulted in the variance of \$236,464.

#### Recommendation

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

#### Management Comments

*No Comments.*

<sup>1</sup> Finance Instructions (1982) Section 84 (3).

### 23.8 Lending Fund Account Not Written Off

Each year, losses which are considered not recoverable and which do not exceed the limits set below for the type of loss may be written off by the Chief Executive Officers - unserviceable assets \$6,000; abandonment of claims \$1,000; loss of assets or livestock \$1,000; loss of money \$500.<sup>2</sup>

Write-off in excess of these limits shall be referred to the Minister of Finance.<sup>3</sup>

Since 1990 the Ministry provided equity to co – operative farmers through the Lending Fund for its Cocoa Development Scheme based on the Government's Import Substitution Policy to enhance the cocoa project with the assistance of the Department of Co-operatives as its executing agency. The funds loaned to these farmers totalled \$16,279 was for operational and establishment costs.

The Ministry did not seek Ministry of Finance approval to write- off the cocoa scheme outstanding balances and further enquiry revealed that these debtors were either dissolved, non-operating or non-existent. Refer to details provided.

Date	Organisation	Loan Amount (\$)	Date/Reasons of Dissolution
27/02/90	Saturaga Farmers Co-op	188.00	15/03/07
27/02/90	Dreketi/Nadrau Farmers Co-op	303.00	2007
27/02/90	Navuabale Farmers Society	394.90	2007
27/02/90	Leleuvia Farmers Co-op	1,278.48	13/03/07
27/02/90	Nacoliva Farmers Co-op	418.00	13/03/07
27/02/90	Sinumatiavi Farmers Co-op	317.50	Non-operating
23/10/90	Vunitavola Farmers Co-op	616.30	23/10/06
23/10/90	Salatu/Nakoro Farmers	692.9	14/03/07
23/10/90	Nabuke/Lobau Farmers	941.00	15/03/07
27/02/90	Bureduguvaki Farmers Co-op	1,018.97	13/03/07
27/02/90	Nakoro Farmers Co-op	1,301.67	Non-operating
27/02/90	Rova Farmers Co-op	469.48	11/04/07
27/02/90	Nataqiri Farmers	326.80	No records
27/05/91	Lawaki Farmers Co-op	1,354.05	13/03/07
13/06/91	Laqavolo Farmers Co-op	983.00	No records
27/11/94	Lutuya Farmers Co-op	2,000.00	15/03/07
TOTAL		12,604.05	

#### **Recommendation**

**The Ministry should seek the Ministry of Finance for an approval for write the irrecoverable debts.**

#### **Management Comments**

*A submission on write-off of the Lending Fund Account, dated 07/03/08 was forwarded to Chief Accountant who would consider write-off of loans issued to various Cooperative organizations whilst existed during the early nineties-mid nineties.*

<sup>2</sup> Finance Instruction s68(1)

<sup>3</sup> Finance Instruction s68(2)

### 23.9 Outstanding Accountable Advance

Where an advance has not been acquitted within 7 days of returning from a travel, the Principal Accounts officer shall effect recovery through a salary deduction after obtaining the Deputy CEO approval.<sup>4</sup>

Several officers failed to retire their accountable advances on time or meet the 7 days requirement. Refer to details provided.

Date Issued	EDP No	Names	Amount
29/01/07	45984	ROPATE LIGAIRI	2,508.00
7/3/2007	18573	HIAGI FORAETE	600.00
20/03/07	45182	SANAILA TURAGA	149.50
28/03/07	13098	UNAI SI NAIKATINI	318.00
13/04/07	48378	JONE MATAWALU	4,297.25
8/5/2007	18573	HIAGI FORAETE	1,900.00
21/05/07	62907	TEVITA NATASIWAI	4,392.90
4/6/2007	49941	ANA TURAGANIVALU	651.50
13/06/07	40479	MOSESE LEDUA	384.00
21/06/07	41832	SEREANA TUILOVONI	1,440.00
28/06/07	47423	MILIAKERE NAWAIKULA	442.03
29/06/07	49993	TAITUSI NAIDUKI	698.00
6/7/2007	48956	SIKELI TUITUBOU	198.00
10/7/2007	19378	VIRENDRA KARAN	822.00
11/7/2007	40237	TIMOCI RASOVO	302.00
12/7/2007	60565	MERE RAYAWA	1,269.00
18/07/07	66297	ANARE LEWECOLO	207.00
20/07/07	19882	MOSESE RATUKI	176.64
20/07/07	60211	VIREND CHAND	168.00
23/07/07	16039	KINI NAMOUMOU	648.00
24/07/07	18365	RUSIATE LALADIDI	300.00
21/07/07	45622	NAPOLIONI SERU	600.00
25/07/07	45556	JAMES ANTONIO	346.00
26/07/07	61911	JOSAIA MAINAWARAKA	153.60
30/07/07	63472	VAREA PANAPASA	54.00
30/07/07	18564	ALIKI TURAGAKULA	104.00
30/07/07	13771	ALMA TAYLOR	2,321.77

The delay in the retirement of accountable advance is a serious breach of government procedures and regulations. The lack of supervision resulted in the accumulation of uncleared advances.

#### **Recommendations**

- The Ministry must ensure that staffs are reminded on the clearance of accountable advances in accordance with Ministry of Finance requirements.
- The Ministry should recover any outstanding advances directly from the salaries of the officers concerned.

<sup>4</sup> Ministry of Agriculture Finance Manual 10.1.14.

### **Management Comments**

- (i) *The Outstanding Accountable Advance was recorded through officer's salary deductions.*
- (ii) *'Accountable Advance written off Without Finance Authority' was nothing more than a book entry where movement of funds was not involved therefore Finance approval was not warranted. The accountable advance was not cleared, though, the deceased, retired, terminated and resigned officers retired their advances. According to records on hand no proper accounting or reconciliations were carried out in these accounts during nineties as evident from credit balances in individual advances accounts, outstanding balances in Postmasters Accounts and overall balance of 1.9 million standing as at to-date in the RCC reports. The reconciliation process is now taking place and we would advise your office of the progress.*

### **23.10 Renting of Premises to Rewa Rice Limited and Government Supplies**

The Public Service Commission is responsible for ensuring that adequate office accommodation is provided for the public service.<sup>5</sup> The Secretary of the Public Service shall authorize tenancies of land and buildings for office accommodation and other official purposes<sup>6</sup> and also conduct negotiations for renting of premises.<sup>7</sup>

The Rewa Rice Limited has been renting the Ministry of Agriculture old office yard located at Shales Ramjan Street (Labasa) for a considerable time at a monthly premium of \$200 payable to the Principal Agricultural Officer (Northern) office in Labasa since occupying the office in 2003.

Audit could not ascertain whether a valuation of the property was carried out to determine the fair market value of the rented premises. Similarly the Government Supplies Office used the same office for its sales and distribution outlet without a valid agreement.

Audit noted that the signed agreement between Rewa Rice Limited and the former Principal Agricultural officer Northern in April 2005 was made without the consent of the Permanent Secretary. Moreover the agreement was not vetted by the Solicitor General's Office.

The company was to take full responsibility for the water and electricity charges but charges for water and electricity are being paid by the Ministry because these were registered under the Ministry.

The above findings reflect the failure of the Ministry to enforce the provisions in the agreement with Rewa Rice. The absence of an agreement with Government Supplies Department is also a concern.

### **Recommendations**

- **The Ministry should investigate the matter and take appropriate actions.**
- **The Ministry should recover from Rewa Rice Limited amounts for electricity and water charges from the date the company occupied that Office.**
- **The Ministry should ensure that Public Service Commission is involved in any matter concerning office accommodation.**

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<sup>5</sup> Public Service Act (1999) Section 11 (1) (i).

<sup>6</sup> General Order (1993) Section 1212.

<sup>7</sup> General Order (1993) Section 1213 (b).

**Management Comments***(i) Renting premises to Rewa Rice and Government Supplies*

Authority to the renting and occupation of these premises to Rewa Rice Limited was made, probably by the former Principal Agricultural Officer {Northern} and according to stories heard from some staff by Mr Samisoni Ulitu when he was Deputy Secretary for Agriculture. Looking through the files, no records of this ownership are there. But as of now, rent is now properly being paid by Rewa Rice Limited (\$250 per month). Further, they are also paying water and electricity bills for their office.

*(ii) Occupation of old yard by Government Supplies*

This old yard building had been in state of disrepair and after Commissioner Northern/Principal Supplies Officer and Acting Principal Agricultural Officer's discussion, it had been approved for Principal Supplies Officer Northern to renovate the building from the idea of developing the North [Look North Policy].

**23.11 Poor Debt Recovery**

The credit officer must promptly follow up accounts that fall due and if recovery is unsuccessful after one month, then no further credit shall be extended to the debtor.<sup>8</sup>

Audit noted that the Lautoka Quarantine Divisional Office continued to provide services to companies who owe arrears of revenue which are more than three months. Refer to details provided.

Debtors	Invoice #	Dated	Amount (\$)	Total (\$)
Carpenters	30276	22/6/07	44.97	
	30284	26/6/07	62.95	
	30288	26/6/07	26.98	
	30290	26/6/07	62.95	
	30368	13/7/07	62.95	
	30369	13/7/07	62.95	
	30370	13/7/07	62.95	
	30371	13/7/07	103.94	
	30413	25/7/07	67.45	
	32822	10/8/07	26.98	585.07
Nestle	30488	25/7/07	26.98	26.98
Jaiv Clearance	30226	5/6/07	62.95	62.95
General Machinery	30227	5/6/07	140.9	
	30267	21/6/07	395.66	536.56
Punja & Sons	30310	2/7/07	154.9	
	30396	25/7/07	33.98	
	30415	25/7/07	146.90	
	30434	2/8/07	127.94	463.72
Shipping Services	30433	2/8/07	2,832.37	2,832.37
Paccon Logistics	32802	6/8/07	62.95	
	32808	7/8/07	26.98	
	32809	7/8/07	102.95	
	32813	7/8/07	62.95	255.83
Campbell Shipping	30438	2/8/07	434.6	
	32831	21/8/07	67.45	
	30460	27/8/07	147.92	649.97
Lautoka Customs	30441	2/8/07	125.9	125.90

<sup>8</sup> Finance Manual 2005, s.9.2.1

Dayals Sawmillers	32815	7/8/07	139.4	
	32838	21/8/07	130.4	
	30452	27/8/07	125.9	395.70
International Freight	30316	2/7/07	62.95	
	30338	7/7/07	116.92	179.87
Advance Custom	32814	7/8/07	26.98	26.98
TOTAL				6,141.90

The practice could result in high arrears of revenue.

### **Recommendation**

**The Ministry should advise these customers that services would cease until some payment arrangements are in place.**

### **Management Comments**

*No Comments.*

## **DEPARTMENT OF FISHERIES**

### **FINANCIAL STATEMENT**

#### **23.12 Audit Opinion**

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

The qualifications are as follows.

- a) The Department of Fisheries has not consolidated its financial statement with the Department of Forests and Ministry of Agriculture as required.
- b) The Department of Fisheries has not provided the following contrary to Finance Instructions 82(1):
  - (i) Statements of Output Costs;
  - (ii) an Appropriation Statement;
  - (iii) a Statement of Losses; and
  - (iv) a Trust Account Statement of Receipts and Payments. The Financial Management Information System shows that the Department of Fisheries as at 31/12/07 has a balance of \$27,731 in the Main Trust Fund.

### 23.13 Statement of Receipts and Expenditure

The Department incurred a total expenditure of \$10,543,037 in 2007 compared to \$5,364,240 in 2006.

Descriptions	2007 \$	2006 \$
<b>RECEIPTS</b>		
State Revenue		
Operating Revenue	233,718	296,431
Total State Revenue	233,718	296,431
Agency Revenue		
Entity Revenue	376,462	782,046
Total Agency Revenue	376,462	782,200
<b>TOTAL REVENUE</b>	<b>610,180</b>	<b>1,078,477</b>
<b>EXPENDITURE</b>		
Operating Expenditure		
Established Staff	2,375,185	1,730,662
Government Wage Earners	473,423	401,847
Travel & Communications	82,367	94,136
Maintenance & Operations	571,863	608,316
Purchase of Goods & Services	67,323	62,993
Special Expenditure	4,276,636	-
Total Operating Expenditures	7,846,797	2,897,954
Capital		
Capital Construction	1,380,474	1,853,509
Total Capital Expenditure	1,380,474	1,853,509
Value Added Tax	1,315,766	612,777
<b>TOTAL EXPENDITURE</b>	<b>10,543,037</b>	<b>5,364,240</b>

## AUDIT FINDINGS

### 23.14 Nabouwalu Fisheries Office (Revenue Collection – Ice Plant)

The revenue collector shall verify each entry in the register against money received before issuing a receipt and noting receipt details in the register.<sup>9</sup> The type of revenue which will be considered for revenue retention includes the sale of ice.<sup>10</sup>

The Department of Fisheries rate for selling ice to a licensed fisherman is \$0.11 per kilogram and for non licensed fisherman is \$0.26 per kilogram.

A businessman Mr. Liakat Khan purchased ice on numerous occasions at the licensed fisherman's rate of \$0.11 per kilogram instead of being levied \$0.26/kg. Refer to examples extracted from the Nabouwalu Ice Plant records in respect of sale of ice to Liakat Khan.

<sup>9</sup> Department of Fisheries and Forestry Finance Manual (2005) Section 5.3.9

<sup>10</sup> Finance Instructions (2005) Section 32 (1) (a) (v).

Dates	Revenue Receipts	Weights (kg)	Amount Paid (\$0.11)	Amount to be Paid (\$0.26)	Difference
10/3/07	105046	800	88.00	208.00	120.00
15/3/07	105123	1,454	159.94	378.04	218.10
20/3/07	105162	1,090	119.90	283.40	163.50
14/4/07	105254	1,454	159.94	378.04	218.10
21/4/07	105297	1,500	165.00	390.00	225.00
24/4/07	105361	1,090	119.90	283.40	163.50
1/5/07	105396	1,454	159.94	378.04	218.10
7/5/07	105427	818	89.98	212.68	122.70
8/5/07	105436	1,090	119.90	283.40	163.50
14/5/07	105488	1,090	119.90	283.40	163.50
18/5/07	105488	1,454	159.94	378.04	218.10
24/5/07	105513	1,454	159.94	378.04	218.10
31/5/07	105539	1,454	159.94	378.04	218.10
6/6/07	381709	1,454	159.94	378.04	218.10
11/6/07	381736	1,454	159.94	378.04	218.10
13/6/07	381749	1,454	159.94	378.04	218.10
19/6/07	381771	1,454	159.94	378.04	218.10
23/6/07	381807	700	77.00	182.00	105.00
30/6/07	381836	1,454	159.94	378.04	218.10
5/7/07	381853	1,454	159.94	378.04	218.10
10/7/07	381879	1,454	159.94	378.04	218.10
13/7/07	381898	800	88.00	208.00	120.00
17/7/07	381919	1,200	132.00	312.00	180.00
18/7/07	381925	800	88.00	208.00	120.00
20/7/07	381936	1,454	159.94	378.04	218.10
23/7/07	381944	1,454	159.94	378.04	218.10
TOTAL		32,788 Kg	3,606.68	8,524.88	4,918.2

The levying of the licensed fisherman's rate to the businessman is suspicious and should be investigated further by the Ministry of Finance.

### **Recommendation**

- The Ministry should investigate this case and instigate surcharge actions against the officer responsible.
- The Ministry should ensure that only licensed fisherman are issued ice at the approved rate.

### **Management Comments**

*Upon our investigation on the Ice Plant revenue collection as highlighted by the Auditor, the following explanation from the Officer-In-charge, Fisheries Sub-Station in Nabouwalu was provided:*

*The Fisheries Department does admit that there was some misunderstanding in the price of ice given to the businessman in question. The businessman is the owner of the fishing vessel and he was acting on behalf of his vessel captain, to buy ice instead of the captain, himself. The officer at Nabouwalu acted in good faith in issuing ice to Mr. Liakat Khan but failed to receipt it under the captain's, name.*

*Even though the ice sales record stated that the transaction was against the financial regulation, it did not take away the fact that Mr. Liakat Khan was the legal owner of the boat and the captain work, under him.*

*The particulars of the valid Fishing Licence for the year 2007 for vessel captain employed by Mr. Liakat Khan were as follows:*

1. *Captain of Fishing Boat: Mr. Bob Joy of Nasarowaqa, Bua.*

- *Fishing Permit No. 439486 of 30<sup>th</sup> January 2007.*
- *Permit Area: Raviravi Fishing Grounds.*
- *Fishing Licence No. 4163 of 8<sup>th</sup> February 2007.*
- *Vessel Registration No. BN264.*

**Further OAG Comments**

**Audit discussion with the Lekutu Ice Plant attendant on 16/11/07 revealed that Mr. Liakat Khan has been buying ice from the Nabouwalu Ice Plant even when the Lekutu Ice Plant was in operation.**

### **23.15 Issuing of Outside Demarcated Area [ODA] Fishing License**

Any person to take fish from any “qoliqoli” should first obtain a permit from the Commissioner of the Division in which such area is situated and issuance of such license is consistent with the Internal Demarcated Area (IDA).<sup>11</sup>

Regulation 4A specifically deals with offshore licensing which is outside the internal waters or “qoliqoli”. There is no provision in the Fisheries Act Cap 158 for the issue of ODA fishing licenses.

Issuance in the past is believed to be “temporarily” for vessels mainly used for pole fishing and snapper fishery because there are no provisions in the Act to fish in the archipelagic and territorial waters. Hence the Department continued to issue ODA licenses.<sup>12</sup>

Two ODA licenses were issued to Mr. Ieremaia Mata and Mr. Sushil Kumar from the Nabouwalu Office without a permit number. Refer to details provided.

Names	License Numbers	Dates of Issue	Revenue Receipt	Address	Other Details
Mr. Ieremaia Mata	41151	5/5/07	105421	Namena, Tailevu.	Crew of 3 & Captain.
Mr. Sushil Kumar	41160	13/7/07	381896	Cunningham, Naitasiri.	Crew of 3 & Captain.

Issuing ODA licenses which is not legislated by the Act is blatant disregard of the regulations for offshore fishing.

**Recommendation**

- **The Ministry should investigate the issuance of ODA license when it is not stipulated in the Act and take appropriate disciplinary actions against the officer’s responsible.**
- **The Ministry should ensure that ODA licenses are cancelled immediately.**

<sup>11</sup> Fisheries Act Cap 158 Sections 5 and 13.

<sup>12</sup> Memorandum by Acting Director Fisheries to Acting Senior Fisheries Officer Northern Dated 27/5/2005.

### **Management Comments**

*The management acknowledges the discrepancies surrounding the issuance of ODA Licenses, which is not stipulated in the Fisheries Act. The discrepancies had been basically inherited over the years from previous Licensing Officers through their mis-interpretation while Inside Demarcated Areas [IDA] Fishing Licenses had been issued to fish within the Customary Fishing Rights Areas however all other fishermen wanting to fish outside the Customary Fishing Rights Areas were issued with ODA Licenses as this had been the mis-interpretation. The mis-interpretation was further exacerbated in certain cases where fishers had difficulties in obtaining consents for Resource Custodians to fish in Customary Fishing Rights Areas.*

*This problem has been addressed under the Offshore Licenses for the issuance of Fishing Licenses to Fish for Deepwater Snapper, which is stipulated under the Marine Spaces Act.*

*Please be informed that Fisheries Sub-Station Officer at Nabouwalu had been reprimanded not to issue ODA Fishing License. The other 16 Fisheries Sub-Station Officers have also been duly advised to take heed of the no-ODA license policy and the management would ensure such practice will not occur in future.*

## **23.16 Wainikoro Rural Fisheries Service Centre Project**

### **23.16.1 Payment of Contracts for “Chattel” not Honoured by Cooperative Members**

In order to contribute to the achievement of rural development through coastal fisheries development, the objective of the project is to increase income for artisanal fishermen from fisheries activities.<sup>13</sup>

The objective of the co – operative shall be:<sup>14</sup>

- to buy and market members marine products and ensure that maximum benefits is reaped for the members;
- to help increase earning capacity of members;
- to create more rural employment and economic activities within the area of operation.

The hirer shall sell to the Wainikoro Fisheries Co-operative (WFC) not less than 300 kilograms of fish per month of their catch.<sup>15</sup>

The WFC Limited was registered on 15/4/04 and the Labasa Co-operative Department facilitated the trading license through the Labasa Town Council for an outlet in Labasa Town, which was opened for business on 26/8/04.<sup>16</sup>

If the hirer commits any breach of any terms or conditions of the Wainikoro Fishermen Cooperative Society Limited agreement, it shall be lawful for the WFC to terminate the hiring and retake possession of the said chattels (outboard engine and fibre glass boat)<sup>17</sup> and that the hirer shall ensure that monthly repayments shall be derived from the sales of their catch to the WFC.<sup>18</sup>

The Co-operative societies who were assisted by WFC fisheries scheme did not honour the agreement and did not meet the monthly loan repayments. The last repayments were carried out between December 2006 and July 2007. No payments have been received since. Refer to details of amounts owed by the WFC members.

<sup>13</sup> MOU between the Overseas Fishery Cooperation Foundation of Japan & Ministry of Fisheries and Forestry (2002).

<sup>14</sup> Wainikoro Fisheries Co – operative Limited Objectives 3 (f) – (h).

<sup>15</sup> Wainikoro Fisheries Co operative Society Hiring Agreement Clause 11.

<sup>16</sup> Memorandum for Complaint of WFC Limited (2006) by the Northern Senior Cooperative Officer.

<sup>17</sup> Wainikoro Fisheries Co operative Society Hiring Agreement Clause 7 (a).

<sup>18</sup> Wainikoro Fisheries Co operative Society Hiring Agreement Clause 11.

Names	Chattels Details		No. of Delayed Months in Loan Repayment up to Dec 2007	Monthly Rate (\$)	Total Repayment (\$)	Amount Paid (\$)	Balance Due (\$)	Last Payment Dates	Terms (Months)
	Yahama Outboard Engine	Fibre Glass Boat							
Nabouono Co-op	√	√	6 months	100	8,400	1,816	6,584	20/6/07	84
Gevo Co-op	√	√	8 months	100	8,400	1,130	7,270	11/4/07	84
Namukalau Co-op	√	√	11 months	85	7,140	818.73	6,321.27	21/12/06	84
Mouta Co-op	√	√	5 months	100	8,400	1,675	6,725	30/7/07	84
Nadogo Co-op	√	√	2 months	80	6,720	1,520	5,200	12/10/07	84
Nayalava Co-op	√	√	5 months	100	8,400	1,220	7,180	25/7/07	84
Kavewa Co-op	√	√	6 months	100	8,400	1,435	6,965	23/6/07	84
Nukudamu Co-op	√	√	5 months	100	8,400	2,390	6,010	9/7/07	84
Wainisuka Co-op	√	√	5 months	100	8,400	1,390	7,010	18/7/07	84
Cakaulevu Co-op	√	√	9 months	100	8,400	1,450	6,950	26/3/07	84
TOTAL				965	81,060	13,029	66,215		

The members were also assisted with ice boxes of different sizes. One of the conditions of their loan was that all the catches stored in the ice box would be sold only to WFC.

Audit noted that while the catches are stored in the ice box, these were sold to buyers other than WFC, contrary to the agreed arrangement. Refer to photos of the fisheries equipment provided to members.



Figure 23.1: WFC Ice Box



Figure 23.2: WFC Outboard Engine & Fibre Boat

The absence of an incentive to allow WFC to bring their catch and appropriate recovery measures not in place could result in the project in not achieving its objectives.

### **Recommendation**

**The Fisheries Department should review the process in place and the strategies to be implemented to ensure that a WFC member settles his/her loan on time.**

### **Management Comments**

*The Wainikoro Rural Service Centre had experienced some difficulties in the operation of its fish marketing business. There are some stiff competitions from other market providers who have been smartly able to convince some Co-operative members by buying their grade one (1) catches at sea leaving the lower grades taken to Wainikoro. This was one of the main draw backs to the poor performances of the Wainikoro fish business resulting in most members who loaned fishing equipments, not repaying their loan.*

*The Department is aware of the contract conditions to those cooperative members to whom the fishing equipment were loaned to but we are working closely with the WFC on the best strategy to get the fish purchase business in operation to enable members to sell their catches and have their loan repaid. The cooperative members have been given seven years to repay their loans according to their contract agreements with WFC.*

## DEPARTMENT OF FORESTRY

### FINANCIAL STATEMENT

#### 23.17 Audit Opinion

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

The qualifications include the following.

- a) The Department of Forests has not consolidated its financial statements with the Department of Fisheries and Ministry of Agriculture as required.
- b) There is a significant variance between the VAT records and the accounts as at 31/12/07.
- c) The Department of Forests has not provided the following contrary to Finance Instructions 82(1):
  - (i) Statements of Output Costs;
  - (ii) an Appropriation Statement;
  - (iii) a Statement of Losses; and
  - (iv) a Trust Account Statement of Receipts and Payments. The Financial Management Information System shows that the Department of Forests as at 31/12/07 has an overdrawn balance of \$51,385 in the Operating Trust Fund.
- d) The opening balances for various accounts in the Trading and Manufacturing activities including raw materials, work in progress and finished goods were not transferred to the new chart of accounts of the Finance Management Information System.

#### 23.18 Statement of Receipts and Expenditure

The Department incurred a total expenditure of \$9,658,613 in 2007 compared to \$23,086,263 in 2006.

Descriptions	2007 \$	2006 \$
<b>RECEIPTS</b>		
State Revenue		
Operating Revenue	570,793	800,505
Total State Revenue	570,793	800,505
<b>TOTAL REVENUE</b>	570,793	800,505
<b>EXPENDITURE</b>		

Descriptions	2007 \$	2006 \$
Operating Expenditure		
Established Staff	2,090,795	2,256,239
Government Wage Earners	878,719	831,449
Travel & Communications	108,832	137,034
Maintenance & Operations	240,765	341,288
Purchase of Goods & Services	270,590	249,214
Operating Grants & Transfers	561,507	950,204
Special Expenditure	130,787	267,707
Total Operating Expenditures	4,281,995	5,033,135
Capital Expenditure		
Capital Construction	4,209,076	15,087,165
Capital Purchase	21,300	31,100
Capital Grants & Transfers	402,478	267,374
Total Capital Expenditure	4,632,854	15,385,639
Value Added Tax	743,764	2,667,489
TOTAL EXPENDITURE	9,658,613	23,086,263

### 23.19 Profit and Loss Statement – Trading and Manufacturing Activity

Descriptions	(\$)
INCOME	
Cash Sales	134,023.07
EXPENSES	
Personal Emoluments	41,957.63
FNPF	13.20
Travel Domestic	-
Travel Overseas	878.95
Office Upkeep & Supplies	15,049.76
Special Fees & Charges	105.60
Vat- Input Tax	(5,424.63)
NET EXPENSES	52,580.51
NET PROFIT AFTER VAT	(81,442.56)

## AUDIT FINDINGS

### 23.20 FNPF Reconciliation

At the end of each month a reconciliation statement shall be completed and retained for audit purposes to ensure that all the entries made to the control account agree with the final monthly total.<sup>19</sup>

A scrutiny of the Department's FNPF and salaries records revealed a variance. Refer to details below.

	<u>Employers Contribution</u>	\$	\$
SEG 1	Established Staff	257,702	
SEG 2	Unestablished staff	42,162	
			299,864
	<i>Add:</i> December 2007 Employers Contribution		46,451
			346,315
	<i>Less:</i> December 2006 Employers Contribution		55,587
	Total Employers Contribution		290,728
	 Employees Contribution		
	Salaries & Wages & Allowance as per FS	5,518,257	
	Salaries, Wages & for 2007		5,518,257
	Employers Contribution 8% of \$5,518,257		441,461
	Difference		150,732

The inconsistency in the reconciliations and poor monitoring by the Department has resulted in the variance of \$150,732.

### Recommendation

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

### Management Comments

*The Management acknowledges the audit findings as had been highlighted above with the following comments:*

*The details provided by the Auditor cannot be reconciled with figures available in the FMIS statement therefore the variance claimed couldn't be established.*

*Reconciling of figures before payment is now closely monitored.*

<sup>19</sup> Finance Instructions (1982) Section 84 (3).

## DEPARTMENT OF LAND RESOURCES PLANNING AND DEVELOPMENT

### 23.21 Acting Allowance for Agriculture Officer for Estates

A Memorandum of Understanding between South Pacific Commission and Government on its role and responsibilities of South Pacific Commission dated 4/8/03 agreed on the following primary responsibilities.<sup>20</sup>

- salary for National DSAP staff;
- payment of university enrolment fees for Graduate Research and Extension Assistants (GREAs) for tertiary training preferably to undertake postgraduate studies (Masters) related to the DSAP project;
- funds for workshops, expenses for filed activities and travel;
- transportation (vehicles, motorbikes and small boats) and funds for insurance and running costs.

When an acting appointment requires an officer to undertake all duties and responsibilities of single officer higher than his/her own, he/she will be eligible to receive an acting allowance at a rate equal to 95% of the difference between his/her own substantive salary and minimum salary of the higher grade.<sup>21</sup>

An employee must not engage in any occupation for reward outside the public service without the written agreement of the Commission.<sup>22</sup>

Ms. Mereani Rokotuibau (EDP 61353) is a Technical Assistant in the ST05 grade with the Ministry of Agriculture of a salary of \$11,175. She was appointed by the former Director of the Department on 27/01/04 to be the Graduate Research and Extension Assistant (GREAs) with DSAP from 01/01/04 and to receive supplementary salary of F\$8,283<sup>23</sup> or \$690 per month.

Audit was not able to ascertain whether Public Service Commission was consulted on the additional remuneration received from South Pacific Commission.

While she was receiving the additional remuneration from SPC, the Department appointed her to be the Acting Agriculture Officer for Estates and received an acting allowance paid by the Department totalling \$6,070 from 1/5/07 – 31/12/07.

Descriptions	Annual Salary & Allowance	2007 Monthly Gross (\$)	2007 Fortnightly Net Pays (\$)	Total Pays Since Acting in 2007	Remarks
Acting Appointment Period	1/5/07 – 31/3/08			1/5/07 – 31/12/07	Recommended by the former LRPD Director after consulting with the current Administration Officer on 27/2/07 and 2/3/07 respectively for the officer to act
ST05 Salary (\$) (A)	11,175	931.25			
PR03 Minimum (\$) (B)	19,528	1,672.33			
Acting Allowance (\$) (C)	8,346	692.50	***304.95	+ + 5,489.10	
SPC Allowance (\$) (D)	8,283	**690.25	345.13	5,522.00	

<sup>20</sup> Memorandum of Understanding between SPC and Government Roles & Responsibilities of SPC (4/8/03).

<sup>21</sup> General Orders 465 (a)

<sup>22</sup> Fiji Islands Government Gazette Supplement No. 21 dated 21/05/99 (Legal Notice No. 48)

<sup>23</sup> Terms and Conditions for DSAP for the GREAs Letter of Agreement Dated 27/01/04

Descriptions	Annual Salary & Allowance	2007 Monthly Gross (\$)	2007 Fortnightly Net Pays (\$)	Total Pays since Acting in 2007	Remarks
Total Personal Emoluments	*27,804	*2,314	650.08	6,070.10	on the vacant post.
Note	*(A)+(C)+(D)	**Tax Exempted	***Net of Tax	+ + Pay 9 to 26	

The payment of such allowances and huge responsibilities for the Officer could have an impact on the management targets and expectations of the Department due to the different roles, the Officer is being assigned to.

### **Recommendations**

- **The Ministry should immediately review the acting appointment of Ms. Rokotuibau due to the additional responsibility and remuneration she is receiving from South Pacific Commission.**
- **The Ministry should ensure that any engagement outside public service should be disclosed to Public Service Commission.**

### **Management Comments**

*After the audit, I had a general discussion with your officer who informed me of the SPC allowance she was getting for DSAP on top of the acting allowance as Agriculture Officer (Estate). That was the first time I had come to know of the double payment. We had to occupy the AO post or else we would lose it, hence the acting appointment.*

*An area that I am not very clear on, is, the position of the DSAP within the MOA structure, as I believe that it could have been together with the SLM, for nature of their work is similar.*

*All I know about is, the STA post that Miss Rokotuibau holds belongs to LRPD and we provide her with office space.*

*As to the DSAP budget, LRPD does not have any connection or authority over it. Our records will show the same.*

*No approval for expenditure or authority to incur expenditure involves LRPD. Everything is between Miss Rokotuibau and PSC.*

## **23.22 Financial and Administrative Function of the DSAP Grant**

Circular instructions issued by Ministry of Finance contained in Finance Circular No. 5/98 of 15<sup>th</sup> April 1998, 4/2002 of 14<sup>th</sup> March 2002, 4/2003 of 18<sup>th</sup> March 2003, 14/2003 of 14<sup>th</sup> August 2003 and 21/2006 of 19<sup>th</sup> October 2006 outlined the guidelines to any aid funds received from donors.

These guidelines and instructions are as follows:

- Ministries/Departments must seek the prior approval of the Budget and Aid Coordinating Committee (BACC) before directly negotiating with donor agencies for funding assistance;
- Aid – in – kind projects must be approved by the BACC through the normal process;
- All cash grants and aid funds must be appropriated for and approved by Parliament before it is released by the Ministry of Finance and National Planning.<sup>24</sup>

<sup>24</sup> Finance Circular 21/2006 of 19/10/06.

Each agency must have in place a cost effective system of internal controls which safeguards money and property against loss with the Accounting Head responsible to the Chief Executive Officer for the effective design and operation of internal controls across the agency.<sup>25</sup>

The National Co-operator (NC) in country shall be responsible to SPC for the national DSAP imprest account. Under the supervision of the NC, the DSAP GREA or REA shall keep the records of the project imprest account with requisite degree of care, efficiency, transparency and diligence as required by best practice in the field concerned and compliance with the financial procedures manual.<sup>26</sup>

The MOU between SPC and the Ministry stipulates that SPC is responsible to provide the following;<sup>27</sup>

- Technical advice and training by regionally based DSAP staff that consist of participatory;
- Salary for national DSAP staff;
- Payment of university enrolment fees for Graduate Research and Extension Assistants (GREAs) for tertiary training relevant to DSAP and approved by the project Team Leader;
- Short – term technical assistance to provide support in specialized aspects of extension and agricultural communications training, management training and assisting national agricultural research and extension services (NARES) to internalize gender issues within their activities;
- Funds for workshops, expenses for filed activities and travel;
- Funds for production of extension publications and communications;
- Filed equipment for demonstrations (farming implementations and tools);
- Office equipment and other equipment for development of extension communications materials (e.g. computer hardware and software, copiers, tape recorder and digital camera);
- Transportation (vehicles, motorbikes and small boats) and funds for insurance and running costs.

The following observations were made.

- Audit noted that the administrations and the financial affairs of the DSAP project are solely handled by the Graduate Research and Extension Assistant (GREAs), Ms. Rokotuibau without the involvement of the Department's accounts and administration section.
- Audit was not able to establish whether there were any consultation to the BACC committee with Ministry of Finance by the Ministry prior to the signing of the Memorandum of Understanding between SPC and the Ministry.
- A review of acquittals provided by Ms. Rokotuibau to SPC for the year 2007 noted that the excessive meal allowances and subsistence claims. Similarly the justifications for the utilization of the vehicle and submission of the vehicles quarterly returns could not be substantiated. Moreover there was an expenditure incurred to provide driving license which was not part of the terms of agreement with SPC. Refer to **Appendix 23.2** for the acquittals made in 2007.

Such practice increases the risks of tampering, loss of assets, misappropriation of funds, falsifications of acquittals, abuse of inventory and backlog in reconciliations.

### **Recommendations**

- **The Director for Research being the National Cooperator to supervise the officers' responsibilities prior to submission of acquittals to SPC.**

<sup>25</sup> Section 70(1)(2) – Finance Management Act 2004

<sup>26</sup> Memorandum of Understanding between SPC and Government of Fiji Annexure 4 4/8/03).

<sup>27</sup> Memorandum of Understanding between SPC and Government Roles & Responsibilities of SPC (4/8/03).

- The DSAP Financial Administrations and Operations should be controlled by the Department with exception of the technical obligations which should be the responsibility of the GREA.
- The Ministry should seek the BACC committee approval on all grants funded projects by donor agencies.

### **Management Comments**

*As reported by the Auditor, LRPD does not have any financial dealings with DSAP.*

## **23.23 Farming Assistance Scheme [FAS] and Land Resettlement Scheme**

### **23.23.1 Non utilization of Partial Payment Balances**

The Farming Assistance Scheme (FAS) was introduced to financially assist the incoming farmers who are taking over new farms from ex – ALTA tenants. In addition to that outgoing ex ALTA tenants who may wish to be resettled, purchase new farms or gain rural residential leases are also assisted.

Both the incoming new tenants and outgoing tenants are to be treated fairly with the provision of equal grant of \$10,000 per farmer to meet the development cost of the farmer in the first year and categorized as follows:

- Incoming landowner tenant: \$10,000
- Outgoing tenant opting for re – settlement: \$10,000
- Outgoing tenant opting for lease renewal: NLTB cost that is offered and not more than \$10,000
- Outgoing tenant opting for Residential lease: NLTB cost that is offered and not more than \$10,000
- Outgoing tenant opting to purchase a new farm: \$10,000.<sup>28</sup>

Expenditure properly chargeable to any financial year shall, to the extent possible, be paid within such year and shall not be deferred.<sup>29</sup>

Audit noted that there were numerous farmers that were assisted by Government that did not fully utilize the grants provided to them. The non clearance of FAS balances appropriated by Parliament will have immense pressure on succeeding year's budget. Refer to details provided.

Case No.	Names	Year Approved	Divisions	Balance (\$)	Remarks
CFA 199	Rt. Vilimoni Tagicakibau	30/4/03	Central	306.78	Approved in 2003
CFA 282	Malakai Lauwalu	21/6/04	Central	19.84	Approved in 2004
CFA 157	Anare & Inoke Dreketirua	30/4/03	Central	942.20	Approved in 2003
CFA 207	Timoci Tuinamata	30/7/03	Central	154.75	Approved in 2003
CFA 179	Solomoni Domokibau	23/6/03	Central	74.96	Approved in 2003
CFA 154	Petero R. Nausu	5/6/02	Central	59.14	Approved in 2002
CFA 151	Fulori Waqabaca	4/9/03	Central	2,184.15	Approved in 2003
CFA 35	LaveniaC, Jeki T & Inia K	12/10/01	Central	19.00	Approved in 2001
CFA 150	Rt. Elia N & Ropate T	5/6/02	Central	36.74	Approved in 2002
CFA 137	Sailasa Verebasaga	5/6/02	Central	1,721.25	Approved in 2002
CFA 297	Apimeleki Madrai	30/3/04	Central	335.24	Approved in 2004

<sup>28</sup> Guidelines & Manual of Procedures for the Farming Assistance Scheme (2002).

<sup>29</sup> Finance Instructions (1982) Section 23 (2).

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Case No.	Names	Year Approved	Divisions	Balance (\$)	Remarks
CFA 322	Moese V Cakau	22/12/04	Central	1,685.64	Approved in 2004
CFA 262	Semesa Baya	30/1/04	Central	438.15	Approved in 2004
CFA 325	Lavenia Seuta	21/6/04	Central	2,439.59	Approved in 2004
CFA 32	Rt. Epeli Tikoinavunimoli	2001	Central	75.70	Approved in 2001
CFA 162	Serupepeli Waqatavou	5/6/02	Central	528.07	Approved in 2002
CFA 219	Nemani Sokiveta	20/11/03	Central	821.01	Approved in 2002
CFA 166	Matia Rasila	27/5/03	Central	41.74	Approved in 2003
CFA 117	Tulia Rasila Tuidama	7/12/01	Central	3,784.70	Approved in 2001
CFA 312	Josua Seduadua	22/4/02	Central	10,000.00	Approved in 2002
CFA 103	Mitili Waqatavou	23/11/04	Central	637.77	Approved in 2004
CFA 349	Samuela Sukabula	25/8/04	Central	55.93	Approved in 2004
CFA 255	Rt. Solomon Buaserau	21/6/04	Central	495.77	Approved in 2004
CFA 220	Rokotuiwai Brothers	6/6/03	Central	19.15	Approved in 2003
CFA 62	Ilaisa & Mere T	16/7/04	Central	2,260.80	Approved in 2004
CFA 321	Inoke Tuivanuakula	21/6/04	Central	362.41	Approved in 2004
CFA 212	Semi Saro	30/4/03	Central	28.48	Approved in 2003
CFA 319	Vilikesa Rokosuka No.1	21/6/04	Central	1,399.61	Approved in 2004
CFA 124	Osea Rabonu	7/12/01	Central	4,771.10	Approved in 2001
CFA 160	Inoke Dago	20/5/03	Central	26.44	Approved in 2003
CFA 300	Maciu Rakoro	10/2/04	Central	29.73	Approved in 2004
CFA 119	Waisale Ravono	21/6/04	Central	17.15	Approved in 2004
CFA 92	Epi T Kuna	12/10/01	Central	789.67	Approved in 2001
CFA 42	Ulaiasi Soronamata	2001	Central	1,088.47	Approved in 2001
CFA 260	Jolame Gukirewa	21/6/04	Central	7,182.55	Approved in 2004
CFA 221	Peceli Lomani	4/9/03	Central	644.45	Approved in 2003
CFA 436	Ram Dulare f/n Ram Dass	3/11/05	Central	2,675.60	Approved in 2006
CFA 306	Jone & Mere Ukumoce	19/8/05	Central	5,906.71	Approved in 2006
CFA 458	Timoci Bulewa	27/10/05	Central	3,185.81	Approved in 2006
CFA 152	Josaia Rausiwa Tukana	15/3/05	Central	61.87	Approved in 2006
CFA 404	Ilisavani Rokoura	15/3/05	Central	7,715.44	Approved in 2006
CFA 441	Savenaca Bulouvale	21/10/05	Central	3,691.70	Approved in 2006
CFA 383	Isireli Tava	15/3/05	Central	1,308.31	Approved in 2006
CFA 377	Semesa & Laisani Sereicoko	15/3/05	Central	5,427.84	Approved in 2006
CFA 165	Ledua Toga Tuitubou	15/3/05	Central	7,077.65	Approved in 2006
CFA 347	Adi Lusiana Kuboulevu	21/4/05	Central	1,518.29	Approved in 2006
CFA 392	Raitube Matanabua	20/9/05	Central	1,344.44	Approved in 2006
CFA 399	Seruwaia & Suresh Chand	16/5/05	Central	137.21	Approved in 2006
CFA 459	Irami Ului Matairavula	18/6/05	Central	1,476.00	Approved in 2006
CFA 332	Sevanaia N Tabuakovei	27/10/05	Central	1,801.67	Approved in 2006
CFA 346	Joana Vakaruvosa Nakai	15/3/05	Central	218.25	Approved in 2006
CFA 395	Josefa Vusonitokatau	21/4/05	Central	187.520	Approved in 2006
CFA 451	Noeli Fatiaki Tamani	31/8/05	Central	203.96	Approved in 2006
CFA 421	Epeli Marawa Tarai	17/8/05	Central	2,914.13	Approved in 2006
CFA 432	Viliame Qio	18/8/05	Central	28.17	Approved in 2006
CFA 348	Josua Rakabu Modrau	18/8/05	Central	463.59	Approved in 2006
CFA 357	Kelevi Qaqacava Rokoura	15/3/05	Central	156.98	Approved in 2006
CFA 367	Shyam Kumari f/n Shyam Sundar	26/7/05	Central	1,050.00	Approved in 2006
CFA 409	Budhu Ram f/n Ram Buksh	15/3/05	Central	5,507.95	Approved in 2006
CFA 408	Amka Prasad f/n Jug Raj	15/3/07	Central	6,017.17	Approved in 2006
CFA 369	Peniame Salacakau	15/3/05	Central	10.25	Approved in 2006
CFA 313	Etika Manuelli	18/8/05	Central	4,268.79	Approved in 2006
CFA 440	Rokoleweni T Sigani	22/8/05	Central	456.86	Approved in 2006
CFA 439	Viliomone Rokoseba	15/9/05	Central	9.71	Approved in 2006
CFA 444	Tevita Cuvatoka	24/10/05	Central	7,896.25	Approved in 2006
CFA 422	Daya Shankar Sharma	2005	Central	4,096.24	Approved in 2006

Case No.	Names	Year Approved	Divisions	Balance (\$)	Remarks
CFA 470	Rev. Joseva Katonibau	2005	Central	1,022.23	Approved in 2006
CFA 467	Minati Rabuka	2005	Central	6,338.37	Approved in 2006
CFA 407	Satya Narain f/n Gangaya	15/3/05	Central	2,450.00	Approved in 2006
TOTAL				129,663.50	

The delay in the clearance of these balances in the year in which approvals were made will affect the subsequent year's budgeted cash flows.

### **Recommendations**

**The Ministry should review the manner on which the unutilized balances are monitored by the Department by having quotas on the number of approved applicants per Divisions instead of focusing only on applicants that meet the scheme's criteria. Such exercise will properly monitor successful applicants unused balances.**

### **Management Comments**

*As earlier commented to by the auditor, assistance to be fully utilized the same year it was approved. Cabinet Decision 201 of 07/11/2000, section (v) reads: " that the scheme should be fair to both the incoming landowner farmer and the resettled tenant farmer with the provision of equal grant of \$10,000 per farmer to meet the development cost of the farm in the first year". My interpretation of this is the assistance is for one season that is only one year or first year only.*

*The SAO (Estate) and his team were directed to temporary close off partial payments, as they contradict the above. If they the applicants still need the balances of their assistance, then they need to re-apply in the normal way and to be assisted accordingly, if they are included in that year's budget. In this way these partial payments will not unnecessarily chew into another yeas budget without them being budgeted for. Temporary closure is being done.*

### **23.23.2 Infrastructure Developmental Costs on Resettlement Lots**

The Task Force noted that Government acquired land in various locations for the resettlement of exited ALTA tenants and would continue to acquire land for this purpose.

Government has already acquire 3,172 acres of land in Navudi (Seaqqa), Vunicibicibi (Macuata), Raiwaqa (Navua), Navovo (Nadroga) and the ex Viti Corp. land at Navua. A farming assistance (FAS) of \$10,000 will be made available to these existing tenants to assist in their new farming program.<sup>30</sup>

The principles of responsible financial management include ensuring value for money in the use of money and resources and the responsible authority for a state entity is responsible for managing the financial affairs of the entity in accordance with the requirements of the Financial Management Act with due regard to the principles of responsible financial management.<sup>31</sup>

Audit noted that although there were considerable amount of public funds incurred on the Land Resettlement scheme for ALTA farmers, audit noted that the Northern Division lots acquired remained vacant. Refer to details provided on the costs incurred on each acquired lots.

<sup>30</sup> Cabinet Decision No. 60 on the Report of the Sugar Industry (ALTA) Task Force (12/2/2001).

<sup>31</sup> Sections 5 & 7 – Financial Management Act 2004

Property	Area (Hec.)	Total Lots	Lots Issued	Lots Available (Vacant)	Land Price (\$)	Survey & Development Costs (\$)	Water	Electricity	Total Costs
Navudi Stage 1	153	18	14	4	550,000	549,981	20,551.51	-	1,120,533
Navudi Stage 2&3	283	42	26	16	1,145,801	993,580	181,523.00	-	2,320,904
Vunicibicibi	233.7	32	4	28	761,996	1,174,803	555,685.56	-	2,492,485
Navovo	432.2	51	16	35	465,761	1,866,975	519,647.28	258,360.58	3,110,744
<b>TOTAL</b>	<b>1101.9</b>	<b>143</b>	<b>60</b>	<b>83</b>	<b>2,923,558</b>	<b>4,585,339</b>	<b>1,277,407</b>	<b>258,361</b>	<b>9,044,665</b>

Moreover audit noted that recipients with lots at Navudi for resettlement consisted of applicants who have received farming assistance from the Department but either failed to move to their allocated lots or vacated their lots for other reasons. Refer to the Table below for examples.

Moreover audit noted that there was no security/mortgage to hold the applicants accountable for the funds spent since the surveyed lots are yet to be classified as Crown Agricultural Lease property by the Lands Department.

Furthermore, audit was informed that numerous farmers did not want to move to the developed areas because they were far from Labasa Town. Refer to examples as provided in Table 35.5 such as Mr. Raven Parasad, Mr. Lek Ram, Mr. Mohd Aiyub, Mr. Brij Raj, Mr. Raza Hussain, Mr. Bimal Narayan, Mr. Basant Singh.

Lot No.	Names	Lot No.	Stage	Amounts Assisted	Remarks
1	Raven Parasad	17	I	9,465	Farmer physically resettled on farm in October 2003. Now resettled at Daku, Nasasa. NLTB offered land for cane farming.
2	Shiu Narayan	18	I	9,620	Farmer died but his family is still on the farm.
3	Lek Ram	8	I	9,350	Assistance provided to resettle but farming is not consistent. Presently living in Batinikama. Farmer requesting lease documents in order to seek assistance from other agencies to solve financial problems.
4	Mohd Aiyub	10	I	5,028	Assistance provided to resettle in 2002 but the lot allocated is still vacant. Has utilized 50% of funds allocation and balance to be paid once settled at Navudi.
5	Brij Raj	4	I	800	Balance of \$200 is still with CCSLA. Applicant residing at Bulileka and does not show interests in farming.
6	Raza Hussain	5	I	7,438	Balance of \$2,562 is still with CCSLA. Farmer physically resettled in 1999 but vacated in 2003 and now residing with son – in – law at Vunimoli. Very old and constantly ill and very old.
7	Bimal Narayan	3	I	7,000	Assisted through the LDRU funds in 1999 and has vacated farm in 2000. Now residing and cultivating farm in Nausori.
8	Basant Singh	7	I	10,000	Application approved in 2001. Paid the lease offer in 1999 but is still yet to move to the lot and a fisherman by trade. Still occupying the same expired lease at Korotolutolu.
9	Abdul Hussain	1	II & III	8,564	Balance with CCSLA and purchased a tractor but has not moved to the lot and still at Korokadi.
10	Vidya Wati	2	II & III	8,564	Balance with CCSLA and has cultivate the farm. Built a farm house and has started developing the farm but is still awaiting the fund and not consistent with farming.
11	Bas Deo & Mangal Singh	11	II & III	8,520	Balance with CCSLA and has purchased the building materials but is yet to move to the lot.
12	Arun Kumar	14	II & III	10,000	Funds with CCSLA and offer have been given but now a part time labourer with a contractor and residing at Covata.
13	Uday Nath	18	II & III	-	Declined offer as his expired lease was renewed.
14	Girwar Prasad	19	II & III	10,000	Balance of \$1,713.93 and not staying on the farm but now

Lot No.	Names	Lot No.	Stage	Amounts Assisted	Remarks
					residing in Suva and has left the farm house at Navudi.
15	Hiu Lal	42	II & III	10,000	Funds fully utilized but the farmer has not moved to Navudi.
TOTAL				114,349	

The above indicates that no proper feasibility study was carried out by the Ministry prior to the land procurement and development by Government. Consequently, there was no value obtained on taxpayer funds utilized on the resettlement scheme for the Navudi stages I, II and III.

### **Recommendations**

- **The Ministry should carry out a review on the need to resettle farmers in Navudi. Consideration should also be given to optimize the returns to government on the public funds already spent in the development of Navudi.**
- **The Ministry should open up the farming resettlement scheme to interested farmers instead of restrictions only to ALTA tenant farmers so public funds are not wasted.**

### **Management Comments**

- *Your recommendation on bullet point one, was once done, with the Department going back to Cabinet to open up the resettlement of the estates in the north i.e. Navudi 1,2,3 and Vunicibicibi to also include the landless. To date nothing has come back, and as recommended we shall comply by getting cabinet's approval.*
  - *One of the reasons of this non-resettling of Navudi , can be due to it being outside or non-inclusion into the cane cultivation area for the Labasa mill, even though Navudi is surrounded by the other cane farms.*
  - *As for your recommendation on bullet point three, the department will look at all avenues that unused balances be returned as those that this assistance was meant for had wilfully acted their lots in Navudi.*
- i) Navudi Stage 1, where the sub-division has been done, completed and approved. Lots have been assigned to the farmers and assistance given.*
- ii) The development of land under the assistance was not able to keep the farmers permanently on the farm. This may be due to other issues like , isolation of farms from towns, lack of public utilities like hospitals, shops , schools etc.*
- iii) Navudi 2 &3 where development was done, including sub-division into agricultural lots where tenants were resettled and the assistance from FAS was issued based on the recommendation from the Senior Surveyor. Farmers were not able to use their lots as collateral, because survey plan and sub-division have not been approved. That may be one of the causes of why farmers left the land, as no legal title has been issued due to this legal requirement.*

**Appendix 23.1: Statement of Output Costs****Programme 1 – Policy and Administration****Activity 1 – General Administration**

SEG	Item	2006 \$	2007 \$
1	Established Staff	1,632,497	1,536,679
2	Government Wage Earners	450,818	318,773
3	Travel & Communications	223,104	258,680
4	Maintenance & Operations	502,823	479,266
5	Purchase of Goods & Services	366,210	71,755
6	Operating Grants & Transfers	853,265	816,858
7	Special Expenditure	0	47,932
	Total Operating Expenditure	4,028,717	3,529,943
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	1,300,000	864,179
	Total Capital Expenditure	1,300,000	864,179
13	Value Added Tax	301,065	281,709
	Total Expenditure	5,629,782	4,675,831

**Activity 2 – Economic Planning and Statistical Services**

SEG	Item	2006 \$	2007 \$
1	Established Staff	595,959	579,132
2	Government Wage Earners	32,216	32,438
3	Travel & Communications	13,583	14,116
4	Maintenance & Operations	22,486	25,195
5	Purchase of Goods & Services	8,888	10,441
6	Operating Grants & Transfers	0	0
7	Special Expenditure	370,336	98,353
	Total Operating Expenditure	1,043,468	759,675
8	Capital Construction	(7)	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	750,246
	Total Capital Expenditure	(7)	750,246
13	Value Added Tax	114,083	83,311
	Total Expenditure	1,157,544	1,593,232

**Activity 3 – Research**

SEG	Item	2006	2007
		\$	\$
1	Established Staff	357,910	346,062
2	Government Wage Earners	515,106	350,815
3	Travel & Communications	21,526	20,129
4	Maintenance & Operations	20,842	8,310
5	Purchase of Goods & Services	33,540	30,663
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>948,924</b>	<b>755,979</b>
8	Capital Construction	30	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>30</b>	<b>0</b>
13	Value Added Tax	84,208	86,937
	<b>Total Expenditure</b>	<b>1,033,162</b>	<b>842,916</b>

**Activity 4 – Information Services**

SEG	Item	2006	2007
		\$	\$
1	Established Staff	201,140	32,346
2	Government Wage Earners	7,800	2,842
3	Travel & Communications	3,979	4,590
4	Maintenance & Operations	2,817	1,598
5	Purchase of Goods & Services	26,200	23,579
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>241,936</b>	<b>64,955</b>
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>
13	Value Added Tax	27,807	13,664
	<b>Total Expenditure</b>	<b>269,743</b>	<b>78,619</b>

**Activity 5 – Drainage and Irrigation**

SEG	Item	2006 \$	2007 \$
1	Established Staff	518,669	63,397
2	Government Wage Earners	44,981	14,124
3	Travel & Communications	10,929	12,090
4	Maintenance & Operations	11,197	12,620
5	Purchase of Goods & Services	2,405	2,985
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>588,181</b>	<b>105,216</b>
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>
13	Value Added Tax	65,700	29,448
	<b>Total Expenditure</b>	<b>653,881</b>	<b>134,664</b>

**Activity 6 – Quarantine**

SEG	Item	2006 \$	2007 \$
1	Established Staff	1,880,355	1,682,389
2	Government Wage Earners	92,143	98,614
3	Travel & Communications	16,426	16,467
4	Maintenance & Operations	29,936	26,074
5	Purchase of Goods & Services	29,880	19,351
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>2,048,740</b>	<b>1,842,895</b>
8	Capital Construction	375,966	0
9	Capital Purchase	256,576	380,069
10	Capital Grants & Transfers	351	0
	<b>Total Capital Expenditure</b>	<b>632,893</b>	<b>380,069</b>
13	Value Added Tax	253,931	254,851
	<b>Total Expenditure</b>	<b>2,935,564</b>	<b>2,477,815</b>

**Programme 2 – Crops**  
**Activity 1 – Administration**

SEG	Item	2006 \$	2007 \$
1	Established Staff	1,470,282	1,392,798
2	Government Wage Earners	82,525	99,267
3	Travel & Communications	45,035	38,382
4	Maintenance & Operations	108,744	132,971
5	Purchase of Goods & Services	14,888	1,245
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>1,721,474</b>	<b>1,664,663</b>
8	Capital Construction	13,100	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>13,100</b>	<b>0</b>
13	Value Added Tax	121,092	184,973
	<b>Total Expenditure</b>	<b>1,855,666</b>	<b>1,849,636</b>

**Activity 2 – Extension**

SEG	Item	2006 \$	2007 \$
1	Established Staff	1,726,854	1,790,233
2	Government Wage Earners	1,915,314	1,451,845
3	Travel & Communications	66,200	39,563
4	Maintenance & Operations	125,235	70,328
5	Purchase of Goods & Services	8,960	5,088
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>3,842,563</b>	<b>3,357,057</b>
8	Capital Construction	980,312	247,843
9	Capital Purchase	0	0
10	Capital Grants & Transfers	1,800,000	650,000
	<b>Total Capital Expenditure</b>	<b>2,780,312</b>	<b>897,843</b>
13	Value Added Tax	602,911	413,003
	<b>Total Expenditure</b>	<b>7,225,786</b>	<b>4,667,903</b>

**Activity 3 – Research**

SEG	Item	Notes	2006 \$	2007 \$
1	Established Staff		1,507,401	1,273,282
2	Government Wage Earners		1,282,370	1,012,892
3	Travel & Communications		22,557	18,546
4	Maintenance & Operations		62,784	52,590
5	Purchase of Goods & Services		39,166	27,405
6	Operating Grants & Transfers		15,413	0
7	Special Expenditure		0	47,196
	<b>Total Operating Expenditure</b>	<b>1</b>	<b>2,929,691</b>	<b>2,431,911</b>
8	Capital Construction		322,671	79,149
9	Capital Purchase		0	0
10	Capital Grants & Transfers		0	0
	<b>Total Capital Expenditure</b>	<b>2</b>	<b>322,671</b>	<b>79,149</b>
13	Value Added Tax		320,421	310,676
	<b>Total Expenditure</b>		<b>3,572,783</b>	<b>2,821,736</b>

**Activity 4 – Sugar Development**

SEG	Item	Notes	2006 \$	2007 \$
1	Established Staff		135,535	33,484
2	Government Wage Earners		198,452	117,077
3	Travel & Communications		12,250	4,486
4	Maintenance & Operations		7,620	3,547
5	Purchase of Goods & Services		1,371	2,413
6	Operating Grants & Transfers		0	0
7	Special Expenditure		0	0
	<b>Total Operating Expenditure</b>	<b>1</b>	<b>355,228</b>	<b>161,007</b>
8	Capital Construction		200,867	0
9	Capital Purchase		0	0
10	Capital Grants & Transfers		0	0
	<b>Total Capital Expenditure</b>	<b>2</b>	<b>200,867</b>	<b>0</b>
13	Value Added Tax		67,075	38,271
	<b>Total Expenditure</b>		<b>623,170</b>	<b>199,278</b>

**Activity 5 – Irrigation Services**

SEG	Item	2006 \$	2007 \$
1	Established Staff	153,415	115,031
2	Government Wage Earners	189,423	131,234
3	Travel & Communications	9,178	7,800
4	Maintenance & Operations	175,020	150,198
5	Purchase of Goods & Services	15,703	16,425
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>542,739</b>	<b>420,688</b>
8	Capital Construction	191,280	235,042
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>191,280</b>	<b>235,042</b>
13	Value Added Tax	81,923	92,469
	<b>Total Expenditure</b>	<b>815,942</b>	<b>748,199</b>

**Programme 3 – Livestock****Activity 1 – Administration**

SEG	Item	2006 \$	2007 \$
1	Established Staff	402,120	381,866
2	Government Wage Earners	107,636	26,026
3	Travel & Communications	6,528	5,003
4	Maintenance & Operations	10,800	6,299
5	Purchase of Goods & Services	9,091	3,432
6	Operating Grants & Transfers	0	0
7	Special Expenditure	31,275	26,663
	<b>Total Operating Expenditure</b>	<b>567,450</b>	<b>449,289</b>
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>
13	Value Added Tax	70,500	54,578
	<b>Total Expenditure</b>	<b>637,950</b>	<b>503,867</b>

**Activity 2 – Extension**

SEG	Item	2006 \$	2007 \$
1	Established Staff	1,501,590	1,386,775
2	Government Wage Earners	305,174	243,234
3	Travel & Communications	19,446	15,158
4	Maintenance & Operations	39,869	33,182
5	Purchase of Goods & Services	6,027	1,149
6	Operating Grants & Transfers	115,480	74,356
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>1,987,586</b>	<b>1,753,854</b>
8	Capital Construction	1,082,676	672,342
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>1,082,676</b>	<b>672,342</b>
13	Value Added Tax	316,472	286,453
	<b>Total Expenditure</b>	<b>3,386,734</b>	<b>2,712,649</b>

**Activity 3 – Research**

SEG	Item	2006 \$	2007 \$
1	Established Staff	172,763	169,533
2	Government Wage Earners	458,488	345,075
3	Travel & Communications	5,012	1,778
4	Maintenance & Operations	28,863	11,716
5	Purchase of Goods & Services	45,689	44,676
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>710,815</b>	<b>572,778</b>
8	Capital Construction	131	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>131</b>	<b>0</b>
13	Value Added Tax	71,134	65,729
	<b>Total Expenditure</b>	<b>782,080</b>	<b>638,507</b>

**Programme 4 – Education and Training**  
**Activity 1 – Fiji College of Agriculture**

SEG	Item	2006 \$	2007 \$
1	Established Staff	433,093	393,468
2	Government Wage Earners	196,792	153,532
3	Travel & Communications	22,146	22,351
4	Maintenance & Operations	152,572	150,441
5	Purchase of Goods & Services	51,174	58,423
6	Operating Grants & Transfers	4,938	6,295
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>860,715</b>	<b>784,510</b>
8	Capital Construction	194,300	86,431
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>194,300</b>	<b>86,431</b>
13	Value Added Tax	112,746	106,516
	<b>Total Expenditure</b>	<b>1,167,761</b>	<b>977,457</b>

**Programme 5 – Land, Drainage and Flood Protection**  
**Activity 1 – Rehabilitation**

SEG	Item	2006 \$	2007 \$
1	Established Staff	740,800	1,894,196
2	Government Wage Earners	590,615	428,182
3	Travel & Communications	0	0
4	Maintenance & Operations	0	0
5	Purchase of Goods & Services	52	0
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>1,331,467</b>	<b>2,322,378</b>
8	Capital Construction	5,440,303	3,373,402
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>5,440,303</b>	<b>3,373,402</b>
13	Value Added Tax	796,068	725,968
	<b>Total Expenditure</b>	<b>7,567,838</b>	<b>6,421,748</b>

**Programme 6 – Land Resettlement**  
**Activity 1 – Resettlement of Displaced Tenants**

SEG	Item	2006 \$	2007 \$
1	Established Staff	881,799	120,690
2	Government Wage Earners	170,100	132,092
3	Travel & Communications	47,979	49,188
4	Maintenance & Operations	320,185	309,121
5	Purchase of Goods & Services	1,015	19,236
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>1,421,078</b>	<b>630,327</b>
8	Capital Construction	254,107	0
9	Capital Purchase	188	0
10	Capital Grants & Transfers	1,735,769	390,942
	<b>Total Capital Expenditure</b>	<b>1,990,064</b>	<b>390,942</b>
13	Value Added Tax	189,498	192,702
	<b>Total Expenditure</b>	<b>3,600,640</b>	<b>1,213,971</b>

**Programme 7 – Agriculture Tribunal**  
**Activity 1 – General Administration**

SEG	Item	2006 \$	2007 \$
1	Established Staff	117,735	107,898
2	Government Wage Earners	17,002	15,383
3	Travel & Communications	11,755	8,723
4	Maintenance & Operations	10,768	11,309
5	Purchase of Goods & Services	636	2,110
6	Operating Grants & Transfers	0	0
7	Special Expenditure	0	0
	<b>Total Operating Expenditure</b>	<b>157,896</b>	<b>145,423</b>
8	Capital Construction	0	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>
13	Value Added Tax	2,578	2,588
	<b>Total Expenditure</b>	<b>160,474</b>	<b>148,011</b>

**Programme 8 – Alternative Livelihood Programme**  
**Activity 1 – General Administration**

SEG	Item	2006 \$	2007 \$
1	Established Staff	454	225,357
2	Government Wage Earners	0	571
3	Travel & Communications	0	0
4	Maintenance & Operations	0	0
5	Purchase of Goods & Services	0	0
6	Operating Grants & Transfers	0	0
7	Special Expenditure	78	14,481
	<b>Total Operating Expenditure</b>	<b>532</b>	<b>240,409</b>
8	Capital Construction	1,698,195	0
9	Capital Purchase	0	0
10	Capital Grants & Transfers	0	0
	<b>Total Capital Expenditure</b>	<b>1,698,195</b>	<b>0</b>
13	Value Added Tax	306,012	0
	<b>Total Expenditure</b>	<b>2,004,739</b>	<b>240,409</b>

**Appendix 23.2: DSAP acquittals for the year 2007**

DATES	CHEQUE NO.	PAYEES	DESCRIPTIONS	AMOUNTS (\$)
3/7/07	000565	Eliki Sorova	Meal Claim	45.00
3/7/07	000566	Sarju Prasad	Meal Claim	18.00
3/7/07	000567	Josaia Koli	Meal Claim	99.00
3/7/07	000568	Doreen Ram	Meal Claim	9.00
3/7/07	000569	Etuete Sauvakatoga	Meal Claim	108.00
3/7/07	000570	Rajesh Narayan	Meal Claim	99.00
3/7/07	000571	Akariva Duwai	Supply of 3000 kava cuttings	450.00
3/7/07	000572	Nareo Mulea	Supply of 1500 kava cuttings	225.00
3/7/07	000573	Jone Nakau	Supply of 1500 kava cuttings	225.00
10/1/07	000574	Akbar	Fuel for Rakiraki Station	322.00
17/1/07	000575	Capricorn Hotel	Accommodation	85.00
17/1/07	000576	Mereani	Meal Claim & Reimbursement	130.00
17/1/07	000577	Carpenters	Fuel for EN644	90.00
31/1/07	000579	Eurocars	Service of EN644	979.00
31/1/07	000580	Tyrelina	Tyres for EN644	800.00
31/1/07	000581	Virendra Chand	Meal Claim	27.00
31/1/07	000582	Mereani Rokotuibau	GREa salary	690.25
6/2/07	000583	Rakiraki Hotel	Accommodation for GREa & driver	170.00
6/2/07	000584	MH Express	Fuel	100.00
6/2/07	000585	Sudhakar	Meal Claim	36.00
6/2/07	000586	Mereani	Meal Claim	36.00
16/2/07	000587	Winglee Motors	Power steering box GL 634	200.00
16/2/07	000588	Nivis Motors	Engine Oil GL634	45.86
16/2/07	000589	Rajesh Anand	Meal Claim	90.00
16/2/07	000590	Nikhils Driving School	GREa's driving lesson	250.00
20/2/07	000591	Hop-Tiy	Sharon Shade for YPD site	1,676.00
20/2/07	000592	Carpenters	Fuel	100.00

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DATES	CHEQUE NO.	PAYEES	DESCRIPTIONS	AMOUNTS (\$)
20/2/07	000593	MH Express	Refreshment	90.00
20/2/07	000594	Josaia Koli	Meal Claim	126.00
20/2/07	000595	Epeli Rasaqa	Meal Claim	18.00
9/3/07	000607	SPC	Reimbursement for Rakiraki Workshop	2,786.25
9/3/07	000608	Air Fiji	GREa ticket	296.00
14/3/07	000610	Kavaia Veiqati	Meal Claim	27.00
14/3/07	000611	Manasa Nasilivata	Meal Claim	27.00
14/3/07	000612	Josaia Rasigawale	Meal Claim	27.00
14/3/07	000613	Akuila Raibevu	Meal Claim	18.00
14/3/07	000614	Joeli Waradi	Meal Claim	27.00
14/3/07	000615	Ulaiasi Nasilivata	Provision of rourou plants	100.00
14/3/07	000616	Mobil	Fuel for GM764	50.00
14/3/07	000617	Solomone Nagaunavou	Meal Claim	27.00
14/3/07	000618	Mereani Rokotuibau	GREa salary	690.25
28/3/07	000619	MH Express	Fuel for EN644 & GM764	100.00
28/3/07	000620	Kavesi Bativesi	Provision of pineapple suckers	900.00
28/3/07	000621	MH Express	Cash - fuel for GM081	200.00
28/3/07	000622	Takia Hotel	Accommodation for GREa	192.00
28/3/07	000623	Mereani Rokotuibau	Meal Claim	72.00
11/4/07	000625	Hop-Tiy	Sharlon Shade	288.00
11/4/07	000626	Marine Drive	Oil change GM618	69.30
11/4/07	000627	West Motor Inn	Accommodation	110.00
11/4/07	000628	Cash	Fuel	220.00
11/4/07	000629	Sakur moh'd	Meal Allowance	45.00
11/4/07	000630	Mereani Rokotuibau	Meal Allowance	45.00
18/4/07	000631	Nikhils Driving School	Driving Fees	250.00
18/4/07	000632	LTA	Driving License	40.00
26/4/07	000633	Mereani Rokotuibau	DSAP GREa	690.25
26/4/07	000634	Cash		115.00
11/5/07	000635	Mereani Rokotuibau	GREa salary	690.25
14/5/07	000636	Eurocars	Servicing EN644	1,400.00
14/5/07	000637	Cash	Tilivalevu Farmers Tour	1,170.00
11/6/07	000638	Mereani Rokotuibau	GREa salary	690.25
20/6/07	000639	Air ticket		112.00
13/7/07	000640	West Motor Inn	Accommodation	260.00
13/7/07	000641	Eurocars	Repairs to vehicle – EN644	1,199.80
13/7/07	000642	Anil Kumar	Meal Allowance	81.00
13/7/07	000643	Mereani Rokotuibau	Meal Allowance	81.00
13/7/07	000644	Cash	Fuel, Recharge Card, Stationeries	245.00
13/7/07	000645	Mereani Rokotuibau	Monthly salary	690.25
20/7/07	000646	Temalesi Amuna	Reimbursement for Carrier	150.00
23/7/07	000647	West Motor Inn	Accommodation	130.00
23/7/07	000648	Sakur moh'd	Meal Allowance	45.00
23/7/07	000649	Mereani Rokotuibau	Meal Allowance	45.00
23/7/07	000650	Cash (Carpenters)	Fuel	150.00
7/8/07	000651	Cash (Carpenters)	Fuel	50.00
13/8/07	000652	Cash	Fuel & Meals	126.00
20/8/07	000653	Sakur moh'd	Meal Allowance	45.00
20/8/07	000654	Mereani Rokotuibau	Meal Allowance	45.00
20/8/07	000655	Cash	Fuel & Recharge	215.00
20/8/07	000656	West Motor Inn	Accommodation	130.00
20/8/07	000657	Mereani Rokotuibau	Monthly salary	690.25
31/8/07	000658	Cash	Fuel, Transport, Meals	88.00
31/8/07	000659	Mereani Rokotuibau	September Salary	690.25
18/9/07	000660	Natset Office	Stationeries	132.00

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DATES	CHEQUE NO.	PAYEES	DESCRIPTIONS	AMOUNTS (\$)
18/9/07	000661	Babasiga Fuel	Fuel for North	366.35
18/9/07	000662	Government of Fiji	Internet connection - FCA	49.04
24/9/07	000663	Agchem	Insecticides	154.16
24/9/07	000664	Akbar Auto Services	Fuel for Rakiraki Station	388.00
24/9/07	000665	Hop-Tiy	Seeds for demo plots	1,868.25
24/9/07	000666	Ram Sami	Poultry Manure	180.00
24/9/07	000667	West Motor Inn	Accommodation	130.00
24/9/07	000668	Carpenters	Fuel	190.00
24/9/07	000669	Anil Kumar	Meal Allowance	54.00
24/9/07	000670	Mereani Rokotuibau	Meal Allowance	54.00
10/10/07	000675	Mereani Rokotuibau	Monthly salary	690.25
17/10/07	000676	Cash	Air ticket, fuel	290.00
17/10/07	000677	Hotel Takia	Accommodation	192.00
17/10/07	000678	Mereani Rokotuibau	Meal Allowance	54.00
23/10/07	000679	Ram Sami	Poultry Manure	90.00
23/10/07	000680	Cash	Meals & Fuel	116.00
24/10/07	000681	Jim & Sivo	Meal Allowance	36.00
24/10/07	000682	Carpenters	Nursery Materials	602.75
29/10/07	000683	Cash	Fuel	60.00
29/10/07	000684	Akuila Cama	Meal Allowance	45.00
1/11/07	000685	Timoci Vakaboro	Training in Drawa	370.00
1/11/07	000686	Auto Mech	Servicing EN644	490.00
7/11/07	000687	Cascablanca	Accommodation	65.00
7/11/07	000688	Mobil	Fuel	70.00
7/11/07	000689	Mobil	Meal	63.00
12/11/07	000691	Mobil	Fuel	82.00
19/11/07	000692	Cash	PRA Training – Tavua	750.00
26/11/07	000693	Cash	PRA at Ravuka	327.60
26/11/07	000694	Hop-Tiy	Sharlon Shade	288.00
26/11/07	000695	Mereani Rokotuibau	Monthly salary	690.25
26/11/07	000696	Hotel Takia	Accommodation	150.00
26/11/07	000697	Cash	PRA at Nadarivatu	830.00
11/12/07	000698	Auto Mech	Servicing EN644	160.00
11/12/07	000699	DSAP LTC	Annual Meeting	300.00
11/12/07	000700	Mereani Rokotuibau	Monthly salary	690.25
17/12/07	000701	Mereani	Air ticket, meal	233.00
17/12/07	000702	Takia Hotel	Accommodation	75.00
17/12/07	000703	Agchem	Chemicals for Nabalabala	55.19
17/12/07	000704	Hop-Tiy	Seeds for demo plots	88.00
TOTALS				\$35,489.30

## Section 24 Ministry of Lands and Mineral Resources

### Programme Statement

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 undertakes studies in relation to geological hazards, mineral prospectivity and groundwater development and manages the development of the Mining and Quarrying Sector with a mandate under the Mining, Petroleum (Exploration and Exploitation), Quarries, Explosives and Continental Shelf Acts.

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### CONSOLIDATED FINANCIAL STATEMENT

The Department of Lands and Department of Mineral Resources have not consolidated their financial statements as required.

## DEPARTMENT OF LANDS - FINANCIAL STATEMENT

### 24.1 Audit Opinion

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

The qualifications are as follows.

- The Department of Lands did not consolidate its accounts with the Department of Mineral Resources as required.
- The Department of Lands did not provide a Trust Account Statement of Receipts and Payments contrary to section 82 (1) of the Finance Instructions. The Financial Management Information System shows that the Ministry of Lands as at 31/12/07 has a balance of \$1,372,965 in its Operating Trust Fund Account.
- The amounts 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 determine the accuracy of the expenditures incurred by the Ministry under the two outputs.
- There is a significant variance between the VAT Records and the accounts as at 31 December 2007.

### 24.2 Statement of Receipts and Expenditure

The Department incurred a total expenditure of \$36,653,662 in 2007 compared to \$37,709,869 in 2006.

Description	2007 \$	2006 \$
<b>RECEIPTS</b>		
State Revenue		
Operating Revenue	14,312,024	9,541,600
Total State Revenue	14,312,024	9,541,600
<b>TOTAL REVENUE</b>	<b>14,312,024</b>	<b>9,541,600</b>
<b>EXPENDITURES</b>		
Operating Expenditure		
Established Staff	4,753,389	5,230,901
Government Wage Earners	584,608	529,200
Travel & Communications	273,095	322,161
Maintenance & Operations	25,069,745	25,143,549
Purchase of Goods & Services	349,822	417,341
Operating Grants & Transfers	1,335,952	1,698,988
Special Expenditure	78,249	80,952
Total Operating Expenditures	32,444,860	33,396,092
Capital Expenditure		
Capital Construction	302,704	238,002

Capital Grants & Transfers	869	150,000
<b>Total Capital Expenditures</b>	<b>388,129</b>	<b>463,389</b>
Value Added Tax	3,820,673	3,850,388
<b>TOTAL EXPENDITURE</b>	<b>36,653,662</b>	<b>37,709,869</b>

### 24.3 Statement of Output Costs

The Statement of Output Costs consolidates the 3 outputs prescribed in the Budget Estimates. These are detailed in the *Appendix 24.1*

### 24.4 Appropriation Statement

The Department incurred expenditures totalling \$36,653,662 in 2007 against a revised budget of \$37,923,539 resulting in a savings of \$1,269,877 or 3%.

SEG	Descriptions	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Budget (\$)	Actual Expenditures (\$)	Lapsed Appropriation (\$)
1	Established Staff	5,281,000	-	5,281,000	4,753,389	527,611
2	Government Wage Earners	799,800	-	799,800	584,608	215,192
3	Travel & Communications	116,700	188,727	305,427	273,095	32,332
4	Maintenance & Operations	26,217,000	(1,607,261)	24,609,739	25,069,745	(460,006)
5	Purchase of Goods & Services	261,800	100,000	361,800	349,822	11,978
6	Operating Grants & Transfers	1,500,000	(158,527)	1,341,473	1,335,952	5,521
7	Special Expenditure	667,600	(550,000)	117,600	78,249	39,351
	<b>Total Operating Expenditure</b>	<b>34,843,900</b>		<b>32,816,839</b>	<b>32,444,861</b>	<b>371,978</b>
8	Capital Construction	750,000	(300,000)	450,000	304,764	145,236
9	Capital Purchase	440,100	(100,100)	340,000	82,495	257,505
10	Capital Grants & Transfers	-	-	-	869	(869)
	<b>Total Capital Expenditure</b>	<b>1,190,100</b>		<b>790,000</b>	<b>388,129</b>	<b>401,871</b>
13	Value Added Tax	4,316,700	-	4,316,700	3,820,673	496,027
	<b>Total Expenditure</b>	<b>40,350,700</b>	<b>(2,427,161)</b>	<b>37,923,539</b>	<b>36,653,662</b>	<b>1,269,877</b>

### 24.5 Statement of Losses

The Department did not incur any loss of assets during the financial year ending 31/12/07.

## AUDIT FINDINGS

### 24.6 Payment of Sky Pacific for Former Interim Minister's Office

The Prime Minister has set the emolument package and other benefits for Ministers in the Interim Government based on the 2003 Parliamentary Emoluments and Benefits Report with some variations. The guiding principles for the Prime Minister are that this Interim Government and as such Ministers are not entitled to any parliamentary related salary and allowances. Therefore, the parliamentary salary and constituency allowance have not been included in the package. As at December 2006, the expense allowance and the optional housing allowance as per the 2003 report are to be paid.<sup>1</sup>

The Department made payment to Sky Pacific Limited for the installation of Sky Pacific at the former Interim Minister's Office. Additional payments were also made for the monthly subscription amounting to \$3,025.11 as at 31/12/07.

There was no entitlement for the installation of non free to air channels Sky Pacific as outlined in the 2003 Parliamentary Emoluments and Benefits Report for Ministers. The above payment was facilitated using allocation from different votes as follows.

Date	Cheque Number	Particulars	Amount \$	Allocation Used	Allocation Details
25/06/07	008785	Payment of Sky Pacific Connections for MLMR TV (Installation cost & rentals)	991.36	13330179101050801	Other board expenses
27/09/07	011572	Payment for bills for the month of August-Oct07	825.03	1333017910150499	Training
23/10/07	012036	Payment of Sky Pacific subscription for Nov 07	275.01	13330179101079907	Schedule A Rent
31/12/07	013402	Payment of Sky Pacific for MLMR from 01/12/07	550.02	13330179101040299	Incidentals
21/02/08	014131	Payment of Sky Pacific subscription for Jan –Feb 08	550.04	13330179101030401	Telecom
<b>Total</b>			<b>3,191.46</b>		

The Department had incurred extravagant expenditure totalling \$3,191 which was not budgeted for.

Incurring expenditure without proper allocations and approval is a breach of stipulated procedures and such actions will lead to uneconomical use of public funds and is also tantamount to abuse of office.

### Recommendations

**The Department should provide an explanation for the payments made to Sky Pacific when it was not part of the former Interim Minister's entitlement.**

### Management Comments

*No Comments.*

<sup>1</sup> Emoluments and other benefits for Ministers in the Interim Government (from Secretary to the Cabinet) dated:12/01/07  
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## 24.7 Telephone Bills

Office telephones should be used for official purposes only. Official calls should be as brief as possible.<sup>2</sup> 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.<sup>3</sup>

Funds allocated for telephone bills were overspent as at 31/12/07. Refer to details provided.

SEG	Allocation (\$)	Actual Expenditure (\$)	Over Expenditure (\$)	Percentage Overspent (%)
3	59,400	224,130	164,730	277

There is no control over all local and vodafone calls as these can be made directly by staffs from their respective extensions.

The payment of excessive telecom bills was also raised in the 2005 audit report but it appeared that remedial action has not been taken.

### 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.

### Management Comments

*No Comments.*

## 24.8 Lease Reassessment Not Done

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 lease.<sup>4</sup> No later than 12 months before the due date for reassessment of the rent under regulation 10, the Director shall have the land valued by a competent Valuer appointed by him for the purpose of assessing the yearly rental payable until the next due date for reassessment.<sup>5</sup>

Reassessments were not carried out by the Department for the crown leases on the due dates specified in the lease conditions. Refer to examples provided.

<sup>2</sup> General Order 1113 (a)

<sup>3</sup> Finance Instructions 19(3)

<sup>4</sup> Section 10 – Crown Lands Act (Cap 132 – Rev.1985) Subsidiary Legislation

<sup>5</sup> Ministry of Lands, Alta and Minerals Resources Manual (Procedure and Policies) 1999, pp55-56

Lessee	Crown Lease	Annual Rental (\$)	Year Reassessment Due	Lease Type	Remarks
Issac Ali	CL 137831	84.00	1997	Residential	Reassessment not made
Jai Raj	CL 132886	37.00	1997	Residential	Reassessment not made
Daiana Tale	CL 2863	175.00	-	Residential	Rent reassessed in 2005 to be \$335 and not yet effected.
Metuisela Cama & Elina Basaga	CL 160241	140.00	2007	Residential	Reassessment not made
Properties Trust (Fiji) Ltd	CL 3390	3,624.00	1996	Industrial	Reassessment not made
Fiji Foods Ltd	CL 24232	7,000	2004	Industrial	Reassessment not made

The Department did not comply with requirements of the Act and the Lease Agreement. This would result in loss of revenue to government as the lessees continued to pay the old rental.

Retrospective rent will also be charged to lessees when reassessment for these crown leases is carried out at a later date. The charging of retrospective rent as noted in the previous years audit has been continuously disputed by the lessees. Thus, it results in either loss of government revenue or increase in the crown lease arrears.

### **Recommendations**

- **Periodic checks and updates should be implemented as a policy to bring lessee information up-to-date to avoid late or reassessment problems.**
- **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 when it becomes due for all crown leases administered by the Department.**

### **Management Comments**

*No Comments.*

## **24.9 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 lease.<sup>6</sup> As from 12/08/93, re-assessment of leases shall be 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 a 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.<sup>7</sup>

The audit noted that the Department was charging retrospective rents to lessees. Refer to examples provided.

<sup>6</sup> Section 10 – Crown Lands Act (Cap 132 – Rev.1985) Subsidiary Legislation

<sup>7</sup> Ministry of Lands, Alta and Minerals Resources Manual (Procedure and Policies) 1999, pp55-56

Lessee (Type of lease)	LD Reference	Term (Years)	Annual Rent \$(Current)	Remarks
Fiji Post and Telecommunication Ltd (Commercial)	4/16/7201-2	99	96,200	Lease was entered in 1990 at an annual rental of \$32,000 with next re-assessment to be carried out in 2000. However re-assessment was made in the year 2006 instead of 2000 as agreed and stated in the lease condition. Arrears totalling \$362,377.10 as at 18/03/08 were noted.
Mobil Oil Australia (Foreshore)	4/16/3880	99	38,900	<p>Lease was entered in 1968, at an annual rental of \$ 1,754 with next re-assessment to be made in 1993. However re-assessment was done in 1998 instead of 1993 amounting to \$38,900 and was accepted by the lessee on 18/05/98. Audit noted that the department charged retrospective rent of \$94,933.33 in 1998 to the lessee due to the late reassessment carried out by the Valuation Section. Further noted were that the Department was also charging interest on retrospective rent. Audit noted that 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.</p> <p>Audit noted that the lessee disputed the above retrospective rent charged. Arrears totalling \$51,886.38 as at 18/03/08 were noted in the accounts statement whereas the crown land lease systems reveal that the lessee had arrears of \$28,676.38. Audit noted that the department continues to send notice of arrears dated 06/11/00, 08/10/04, and 16/04/05 amounted to \$100,216.82, \$240,172.24, and \$101,922.07 respectively.</p>

The following anomalies were noted as a result of the department charging retrospective rents.

- 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 rents was due to the late reassessments carried out by the Valuation Section or 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 that there was no provision in the Crown Lease Act or the crown lease policy that permits the charging of interest on retrospective rent.
- Charging of retrospective rent and interest contributed to the increase in arrears of crown lease rental.
- Cases were noted where the lessee disputed the retrospective rents charged, and the department made adjustments in the absence of a formula for retrospective rent in the Crown Lease Act.

This issue was highlighted in the 2005 and 2006 Auditor General's Report however the department has not been able to address the issue.

It indicate the failure of the Department 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.

### **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 actions against officers responsible.**
- **The Department should revise the Crown Lease Act to include provisions for the charging of retrospective rent and interest.**
- **The cases highlighted above should be investigated and explanations provided for the inconsistent and selective approach adopted by the Department.**

### **Management Comments**

*No Comments.*

## **24.10 Eskay Motors (Fiji) Ltd - CL 013134**

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.<sup>8</sup>

Subject to the provisions of any other written law, leases shall be subject to re-assessment of the rent at each tenth year of the term of the lease.<sup>9</sup> 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.<sup>10</sup>

Crown lease rent of \$42,775 was outstanding for land leased by Eskay Motors (Fiji) Ltd. The above lease was subject to re-assessment in 2002 as required under the lease agreement. The rent was re-assessed to \$5,300 on 04/12/01 and the lessee was advised accordingly on 01/02/02.

However, audit noted from the Crown Lease Rental System that the department continued to send the account statement of the old rental of \$4,300 and the lessee paid accordingly.

A second notice was also issued to the lessee on 21/5/02 to disregard the initial re-assessment notice dated 4/12/01 and to continue paying the old rental of \$4,800. There was no explanation provided in the lease file to support the above action which resulted in loss of revenue totalling \$3,500 as at 31/12/07.

<sup>8</sup> Section 6(1) - Crown Lands Act [Cap. 132]

<sup>9</sup> Section 10 – Crown Lands Act (Cap 132 – Rev.1985) Subsidiary Legislation

<sup>10</sup> Ministry of Lands, Alta and Minerals Resources Manual (Procedure and Policies) 1999, pp55-56

The Department has failed to enforce the Crown Lease Act and the requirements of the crown lease agreement on lessees regarding reassessment of rent. Government interest was also not safeguarded as rent due was not collected.

### **Recommendations**

- **The Department should provide an explanation on the above findings and provide reasonable explanation for failing to enforce the reassessed rent of \$5,300.**
- **Regular checks should be carried out to ensure that re-assessment of rental is completed and charged to lessees accordingly.**

### **Management Comments**

*No Comments.*

## **24.11 No re-assessment carried out on Crown Lease**

Subject to the provisions of any other written law, leases shall be subject to re-assessment of the rent at each tenth year of the term of the lease<sup>11</sup>. 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.<sup>12</sup>

Every year, the System Support Centre generates a list of all re-assessments that are due for the following year. The list is forwarded to the Valuation Section which then reassesses the rent on the crown lease and sends notices to lessee's for their consent. The reassessed rent only becomes effective once the lessee accepts the reassessed rent and all the related documents are formally registered.

Reassessments were not carried out by the Department on certain crown leases on the due dates specified in the lease conditions. Refer to the following examples.

Lessee	LD Reference	Annual Rental (\$)	Reassessment Due not done	Period Lapse as at 31/12/06	Section	Type of Lease
CMLA Society Ltd	4/10/1186	7,400.00	2003	5 years	Nadi General	Industrial
Shashi S Kumar	4/10/2786	360.00	2003	4 years	Waqadra	Residential
Yong Jin Yun	4/10/2598	400.00	2001 & 2006	7 years	Waqadra	Residential

The department failed to perform its duties as required under the Crown Lease Act and also under the lease agreement.

### **Recommendations**

- **Annual File checks should be carried regularly to ensure that re-assessment due is carried out in accordance with the requirement of the lease agreement.**
- **Reassessments should be carried out on time for all crown leases administered by the Department.**

<sup>11</sup> Section 10 – Crown Lands Act (Cap 132 – Rev.1985) Subsidiary Legislation

<sup>12</sup> Ministry of Lands, Alta and Minerals Resources Manual (Procedure and Policies) 1999, pp55-56

### **Management Comments**

*No Comments.*

## **24.12 Non Compliance with Crown Land Act (Cap 132)**

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 lease<sup>13</sup>. 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.<sup>14</sup>

The following anomalies were noted in the review of the following crown lease files:

- **CL 12092 - Colonial Life Insurance Society Ltd**

This lease shall be subject to re-assessment in the years 2001 to a maximum not exceeding 6% of the unimproved value of the land.<sup>15</sup>

An industrial lease CL 12092 was issued to Colonial Life Insurance Society Ltd on 1/12/93 with an annual rent of \$6,850 per annum. The rent was re-assessed and reduced to \$4,600 effective from 4/2/94. Audit was not able to establish the reasons for the reduction in rent and how the amount of \$4,600 was determined and levied by the department.

The re-assessment of rent that was also due in 2003 was not carried out by the Department.

The above findings would result in loss of government revenue due to reduction in rent to \$4,600 and failing to carry out reassessment in 2003 as required.

- **CL 12094- Colonial Life Insurance Society Ltd**

This lease shall be subject to re-assessment in 2003 to a maximum not exceeding 6% of the unimproved value of the land.<sup>16</sup>

An industrial lease CL 12094 was issued to Colonial Life Insurance Society Ltd on 1/12/93 at an annual rent of \$7,300 and with the subsequent re-assessment of rent to be due in 2003. A re-assessment was carried out in 2002 amounting to \$10,000<sup>17</sup> effective 1/12/2003.

Audit investigation revealed the following:

- The department levied a rent of \$5,000 instead of \$7,300 stated in the initial lease agreement resulting in a loss of revenue to government totalling \$23,000 within the 10 year period 1993 to 2003.
- Despite the new rent of \$10,000 reassessed in 2003, the department continued to levy the rent of \$5,000 resulting in loss of revenue to government totalling \$20,000 in the last 4 years.

<sup>13</sup> Section 10 – Crown Lands Act (Cap 132 – Rev.1985) Subsidiary Legislation

<sup>14</sup> Ministry of Lands, Alta and Minerals Resources Manual (Procedure and Policies) 1999,pp55-56

<sup>15</sup> Lease Condition for Industrial Lease CL 12092

<sup>16</sup> Lease Condition for Industrial Lease CL 12094

<sup>17</sup> Re-assessment Notice dated 30/12/02

- The above lot was also subleased by the lessee to Asco Motors for 12 years effective 1/10/93 at an annual rental of \$112,500.

The department failed to properly administer crown leases which had resulted in substantial loss of government revenue. It also shows the laxity of the Department in performing its roles and responsibilities and ensuring that the government gets a fair return from the land.

- **CL 13699 - Parveen Kumar 4/10/2597**

Rent and rates should be paid up to date and reassessment completed in the process of granting consent to mortgage.<sup>18</sup> If the Director of Lands feels that the loan exceeds the market value of the land, consent to mortgage will only be granted subject to satisfactory explanation.<sup>19</sup>

This lease shall be subject to re-assessment in the years 2001 to a maximum not exceeding 6% of the unimproved value of the land.<sup>20</sup> Refer to the table below for details of the crown lease CL 13699.

Lessee	Crown Lease Ref	File Ref No.	Lease Type	Term	Annual Rent \$(VEP)
Parveen Kumar	CL 13699	LD 4/10/2597	Residential	99 years with effect from 01/12/1996	500.00

The lease file for CL 13699 revealed the following anomalies:

- The re-assessment was not carried out when due in 2001, thus resulting in loss of revenue to government.
- On 24/02/04, the Director of Lands granted consent to mortgage to the lessee for the sum of \$700,000 even though the reassessment was not carried out. Hence, lessees are benefiting at the expense of government not getting a fair return from the land.
- Rental arrears as at 31/12/07 totalled \$530.

The above finding shows the poor policing of crown lease by the Department and the inconsistency in the reassessment of rent for residential leases. It also shows the laxity of the Department in performing its roles and responsibilities and ensuring that the government gets a fair return from state land.

- **CL 13858 - Mohammed Gulab Khan 4/10/2647**

This lease shall be subject to re-assessment in the years 2001, 2006, 2011 to a maximum not exceeding 6% of the unimproved value of the land.<sup>21</sup>

Refer to the table below for details of the crown lease CL 13858

Lessee	Crown Lease Ref	File Ref No.	Lease Type	Term	Annual Rent \$(VEP)
Mohammed Gulab Khan	CL 13858	LD 4/10/2647	Commercial	99 years with effect from 01/12/1996	2,700

The following anomalies were noted in the lease file:

- The re-assessment due in 2001 was not carried out by the department.

<sup>18</sup> Policies- State Land Administration 2.1.1(f)-(i)

<sup>19</sup> Policies - State Land Administration 2.1.1(f)-(iv)

<sup>20</sup> Lease Condition for Residential Lease CL 13699

<sup>21</sup> Lease Condition for Commercial Lease CL 13858.

- The Director of Lands granted consent for the transfer of the above lease to Mohammed Galab Khan on 27/9/02 despite the pending reassessment.
- The Department continued to grant consent to mortgage to the current lessee despite the reassessment not being undertaken. Refer below for the details:
  1. Consent to mortgage dated 17/12/02, principal sum \$135,000
  2. Consent to mortgage dated 27/09/07, principal sum \$550,000
- The rent was finally re-assessed in 2006 to \$3,900 however the lessee has not accepted the reassessed rent despite the issue of the reassessment notice and the additional 21 days notices issued on 02/03/06 and 30/02/06 respectively.
- It was established from the Crown Land Lease Systems (CLLS) that the lessee had continued to pay the rent of \$2,700 for the last 7 years. The loss of government revenue to government for the last 7 years totalled \$8,400.

The above finding shows poor policing of crown lease by the Department and also the inconsistency in the reassessment of rent for commercial leases. It also shows the failure of the Department in performing its roles and responsibilities and enforcing its powers as landlord as stated under the Act to ensure that the government gets a fair return from the land.

The manner in which the transfer was effected and consent granted for transfer and mortgage despite the pending reassessment appear suspicious.

### **Recommendations**

- **The case highlighted should be investigated and explanations provided for the inconsistent and selective approach adopted by the Department.**
- **Officers implicated should be disciplined for failing to carry out their duties effectively and complying with the Crown Lands Act; and should also be surcharged the amount of revenue lost by government.**
- **The Department should ensure that re-assessment carried out should be effected and the reassessed rent charged accordingly.**
- **The Department should investigate the above findings and provide an explanation why the consent to mortgage was approved when the reassessment was not carried out.**
- **Re-assessment of rent for all leases administered by the Department should be carried out when it becomes due.**
- **The officers involved in granting consent to transfer and mortgage despite the pending reassessment should be disciplined.**

### **Management Comments**

#### **I. CL 12092, LD 4/10/3084**

- *Rental Reassessment was carried out and notice sent on 30/12/02 confirming the rental to be increased from \$5,000 per annum to \$9,400 per annum with effect from 01/12/03. However, the lessee did not accept the new rental.*
- *The lessee continued to pay for the old rental (\$5,000 per annum) and rental is paid up to 31/12/08.*
- *It is regretted that the rental assessment was not followed up, however, Divisional Surveyor West has been directed to pursue acceptance of new rental by the lessee and payment of outstanding arrears.*

#### **II. CL 12094, LD 4/10/3085**

- *Rental Reassessment was carried out and notice sent on 30/12/02 confirming the rental to be increased from \$5,000 per annum to \$10,000 per annum with effect from 01/12/03. However, the lessee did not accept the new rental.*
- *The lessee continued to pay for the old rental (\$5,000 per annum) and the rental is fully paid up to 31/12/08.*
- *It is regretted that the rental assessment was not followed up, however, Divisional Surveyor West has been directed to pursue acceptance of new rental by the lessee and payment of outstanding arrears.*

**III. CL 13699, LD 4/10/2597**

- *Rental Reassessment was carried out and notice sent on 30/12/02 confirming the rental to be increased from \$400 per annum to \$750 per annum with effect from 01/12/06. Lessee has accepted the new rental.*
- *Currently there is a rent arrears of \$750 to 31/12/08 and Divisional Surveyor West will pursue payment.*

**IV. CL 13858, LD 4/10/2647**

- *Rental Reassessment was carried out and notice sent on 22/11/05 confirming the rental to be increased from \$2,700 per annum to \$3,900 per annum with effect from 01/12/06. Despite of two reminders the lessee still reluctant to accept new rental.*
- *Our valuers in the Western Division are still negotiating with the lessee and they have been directed to finalise the rent assessment.*

## **DEPARTMENT OF MINERAL RESOURCES - FINANCIAL STATEMENT**

### **24.13 Audit Opinion**

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

The qualifications are as follows.

- The Department did not provide the following statements contrary to section 82 (1) of the Finance Instructions:
  - Appropriation Statement;
  - Statement of Losses; and
  - Trust Account Statement of Receipts and Payments. The Financial Management Information System shows that the Department of Mineral Resources as at 31/12/07 has an Operating Trust Fund Account balance of \$19,378 and main trust fund totalling \$719,090
- The amounts 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 determine the accuracy of the expenditures incurred by the Ministry under the two outputs.
- There is a variance between the VAT records and the accounts as at 31/12/07.

## 24.14 Statement of Receipts and Expenditure

The Department incurred a total expenditure of \$5,746,337 in 2007 compared to \$3,696,949 in 2006.

Description	2007	2006
<b>RECEIPTS</b>	<b>\$</b>	<b>\$</b>
Mining Fees	76,793	2,158
License Others	23,059	-
Sale of Photographs	71	-
Sales of Publications	333	-
Revenue from Chemical	10,591	6,849
<b>TOTAL REVENUE</b>	<b>110,847</b>	<b>9,007</b>
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established Staff	1,594,597	1,653,566
Government Wage Earners	337,450	327,682
Travel & Communications	79,648	120,492
Maintenance & Operations	2,585,750	254,634
Purchase of Goods & Services	137,371	137,580
Operating Grants & Transfers	381,529	357,125
Special Expenditure	20,151	22,270
<b>Total Operating Expenditure</b>	<b>5,136,496</b>	<b>2,873,349</b>
<b>Capital</b>		
Capital Construction	124,849	226,828
Capital Purchase	113,619	204,374
<b>Total Capital Expenditure</b>	<b>238,468</b>	<b>431,202</b>
Value Added Tax	371,373	392,398
<b>TOTAL EXPENDITURE</b>	<b>5,746,337</b>	<b>3,696,949</b>

## 24.15 Statement of Output Costs

The Statement of Output Costs consolidates the 3 outputs prescribed in the Budget Estimates. These are detailed in the *Appendix 24.2*

## AUDIT FINDINGS

### 24.16 Payment of Overtime without Budgetary Allocation

Compliance of the overtime rules should be strictly adhered to and overtime work should be approved only in essential circumstances by the Permanent Secretary or Head of Department.<sup>22</sup>

Overtime should only be worked once approval is secured from the Permanent Secretary. Overtime approval should be considered if overtime request confirms that the work in question is important and very urgent in nature, which requires immediate attention.<sup>23</sup>

<sup>22</sup> General Orders S467/ PSC Circular No. 1/95

<sup>23</sup> PSC Circular No. 11/04 dated 31/03/04.

The Department paid a total of \$12,752 for overtime that was approved by the Assistant Director although there was no budgetary allocation. There was also no evidence that the Public Service Commissions had approved the payment of overtime. Refer the following for details.

Name of Officer	Post	Reference & Date	Amount Paid (\$)	Remarks
Joseva W Raika	Clerical Officer	11217 of 31/12/07	4,029.40	Overtime for 2006
		11224 of 31/12/07	3,090.66	Overtime for 2007
Waisea Kotoyawa	TRCO	11218 of 31/12/07	1,061.43	Overtime for 2006 and 2007
Mere Tuinaceva	Clerical Officer	11219 of 31/12/07	1,190.11	Overtime for 2006
		11225 of 31/12/07	798.96	
Peniasi Toga	TRCO	11221 of 31/12/07	1,085.25	Overtime for 2006 and 2007
Meresiana Loulou	Clerical Officer	11222 of 31/12/07	1,294.49	Overtime for 2006 and 2007
Iliesa Bacita	Clerical Officer	11223 of 31/12/07	201.65	Overtime for 2005
<b>Total</b>			<b>12,751.95</b>	

Expenditure was not properly controlled by the Department and as a result unauthorised overtime payments were made to staff.

### **Recommendations**

**All overtime work should be approved.**

### **Management Comments**

*No Comments.*

## **24.17 Engagement of Consultant without Signed Agreement**

Engaging of consultants is essentially a contracting for service. A formal contract must be prepared clearly outlining the terms and conditions of the engagement. The contract formulation are made at the Ministries/Departments' own discretion.<sup>24</sup>

Following a Cabinet Meeting on 03/04/07 and under powers vested with the Minister of Lands and Minerals Resources, Mr Filimone Raibosa was appointed as an independent mining consultant.

The Public Service Commission approved his appointment on 19/6/07 to consult and advise the government on all engineering and operational aspects pertaining to the termination of Emperor Gold Mining Company Limited operations in Fiji.

The approval was conditional upon the terms and conditions on the agreement to be signed between the former Interim Minister for Lands and Mineral Resources Mr Tevita Vuibau and Mr Raibosa.

The following irregularities were noted:

- no agreement was signed between the Minister of Lands and Minerals Resources and Mr Filimone Raibosa as required by PSC;
- a sum of \$10,000 was paid to Mr Raibosa on 23/7/07 without a signed agreement authorised by the acting Assistant Director Minerals Resources Department, Mr Vijendra Prasad;
- the Consultant was to produce a report before any payment is made.

<sup>24</sup> PSC Circular No. 23/2001

The Department did not act according to the condition set by PSC and as a consequence, an unauthorised payment of \$10,000 was made. In the absence of an agreement, the consultant is at no obligation to complete the required tasks and there is a risk that further costs could be incurred by the Department.

**Recommendations**

- **An agreement should be drafted and signed by both parties as soon as practical.**
- **No further payment should be made until an agreement is in place.**
- **The officer responsible for the above payment should be disciplined.**

**Management Comments**

*No Comments.*

**Appendix 24.1: Statement of Output Costs – Lands Department****Policy and Administration**

SEG	Item	2007 \$
1	Established Staff	262,281
2	Government Wage Earners	21,172
3	Travel & Communications	23,016
4	Maintenance & Operations	16,365
5	Purchase of Goods & Services	8,531
6	Operating Grants & Transfers	-
7	Special Expenditure	-
	<b>Total Operating Expenditure</b>	<b>331,365</b>
8	Capital Construction	-
9	Capital Purchase	-
10	Capital Grants & Transfers	-
	<b>Total Capital Expenditure</b>	<b>-</b>
13	Value Added Tax	1,610,915
<b>Total</b>	<b>Total Expenditure</b>	<b>1,942,279</b>

**Administration**

SEG	Item	2007 \$
1	Established Staff	1,039,337
2	Government Wage Earners	86,140
3	Travel & Communications	131,329
4	Maintenance & Operations	24,820,092
5	Purchase of Goods & Services	334,082
6	Operating Grants & Transfers	1,335,952
7	Special Expenditure	78,242
	<b>Total Operating Expenditure</b>	<b>27,825,173</b>
8	Capital Construction	-
9	Capital Purchase	-
10	Capital Grants & Transfers	-
	<b>Total Capital Expenditure</b>	<b>-</b>
13	Value Added Tax	1,493,081
<b>Total</b>	<b>Total Expenditure</b>	<b>29,318,254</b>

**Survey & Mapping**

SEG	Item	2007 \$
1	Established Staff	2,447,964
2	Government Wage Earners	420,735
3	Travel & Communications	86,375
4	Maintenance & Operations	192,991
5	Purchase of Goods & Services	4,762
6	Operating Grants & Transfers	-
7	Special Expenditure	8
	<b>Total Operating Expenditure</b>	<b>3,152,835</b>
8	Capital Construction	269,629
9	Capital Purchase	82,495
10	Capital Grants & Transfers	869
	<b>Total Capital Expenditure</b>	<b>352,994</b>
13	Value Added Tax	400,347
<b>Total</b>	<b>Total Expenditure</b>	<b>3,906,175</b>

**Valuation**

SEG	Item	2007 \$
1	Established Staff	689,627
2	Government Wage Earners	18,910
3	Travel & Communications	23,509
4	Maintenance & Operations	17,888
5	Purchase of Goods & Services	2,273
6	Operating Grants & Transfers	-
7	Special Expenditure	-
	<b>Total Operating Expenditure</b>	<b>752,208</b>
8	Capital Construction	-
9	Capital Purchase	-
10	Capital Grants & Transfers	-
	<b>Total Capital Expenditure</b>	<b>-</b>
13	Value Added Tax	109,180
<b>Total</b>	<b>Total Expenditure</b>	<b>861,387</b>

**State Land Operation and Development**

SEG	Item	2007 \$
1	Established Staff	314,181
2	Government Wage Earners	37,651
3	Travel & Communications	8,866
4	Maintenance & Operations	22,409
5	Purchase of Goods & Services	174
6	Operating Grants & Transfers	-
7	Special Expenditure	-
	<b>Total Operating Expenditure</b>	<b>383,281</b>
8	Capital Construction	35,135
9	Capital Purchase	-
10	Capital Grants & Transfers	-
	<b>Total Capital Expenditure</b>	<b>35,135</b>
13	Value Added Tax	207,151
<b>Total</b>	<b>Total Expenditure</b>	<b>625,566</b>

**Geological and Mineral Investigation**

SEG	Item	2007 \$
1	Established Staff	1,400,938
2	Government Wage Earners	337,450
3	Travel & Communications	74,407
4	Maintenance & Operations	2,578,789
5	Purchase of Goods & Services	57,051
6	Operating Grants & Transfers	381,529
7	Special Expenditure	20,151
	<b>Total Operating Expenditure</b>	<b>4,850,315</b>
8	Capital Construction	124,849
9	Capital Purchase	113,619
10	Capital Grants & Transfers	0
	<b>Total Capital Expenditure</b>	<b>238,468</b>
13	Value Added Tax	356,148
	<b>Total Expenditure</b>	<b>5,444,931</b>

**Oil and Mines Act Administration**

SEG	Item	2007 \$
1	Established Staff	193,659
2	Government Wage Earners	0
3	Travel & Communications	5,241
4	Maintenance & Operations	6,961
5	Purchase of Goods & Services	80,321
6	Operating Grants & Transfers	0
7	Special Expenditure	0
	<b>Total Operating Expenditure</b>	<b>286,181</b>
8	Capital Construction	0
9	Capital Purchase	0
10	Capital Grants & Transfers	0
	<b>Total Capital Expenditure</b>	<b>0</b>
13	Value Added Tax	15,225
	<b>Total Expenditure</b>	<b>301,407</b>

## Section 25 **Ministry of Commerce, Industry, Investment and Communication**

### Programme Statement

The Ministry of Commerce, Industry, Investment and Communication comprises of the following Departments:

- Commerce and Industry;
- Co-operatives and Small Business
- Communication

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.

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## FINANCIAL STATEMENT

### 25.1 Audit Opinion

The audit of the 2007 accounts of the Ministry of Commerce, Industry, Investment and Communication resulted in the issue of a qualified audit report.

The accounts were qualified on these grounds.

- a) The Ministry had consolidated its expenditures into 5 Statement of Output Costs whereas the Budget Estimates 2007 prescribes 13 outputs. The facility to allow the measurement and accounting of output costs has yet to be integrated in the Financial Management Information System (FMIS). It is not possible therefore to express an opinion on the accuracy of the expenditures incurred by the Office under each output.
- b) The Ministry has not provided accounts for Trust Account Statement of Receipts and Payments in accordance with section 82(1) of the Finance Instruction. The Finance Management Information Systems shows a sum of \$31,345 as at 31 December 2007.

### 25.2 Statement of Receipts and Expenditure

The Ministry incurred a total expenditure of \$13,333,530 in 2007 compared to \$10,900,338 in 2006.

**Table 25.1: Statement of Receipts and Expenditures for 2007**

Description	2007 \$	2006 \$
<b>RECEIPTS</b>		
State Revenue		
Fees – Miscellaneous	175,405	132,814
License Trading	0	210
License Telecom & TV	739,004	0
Commission	488	540
Value Added Tax	113,423	16,159
Registration	568	2,818
Interest on Consumer Loans	443	1,363
Refund Government	0	181
Miscellaneous	2,755	8,000
<b>TOTAL REVENUE</b>	<b>1,032,086</b>	<b>162,085</b>
<b>EXPENDITURES</b>		
Operating		
Established staff	3,006,476	2,955,961
Unestablished staff	297,645	270,834
Travel & communication	186,613	170,558
Maintenance & Operations	312,164	291,395
Purchase of goods & services	44,726	46,070
Operating grants & transfers	4,345,155	4,312,237

Description	2007 \$	2006 \$
Special expenditures	3,257,025	1,140,918
<b>Total Operating Costs</b>	<b>11,449,804</b>	<b>9,187,973</b>
<b>Capital Expenditure</b>		
Capital Construction	0	0
Capital Purchases	172,562	44,400
Capital Grants & Transfers	820,015	1,040,000
<b>Total Capital Expenditure</b>	<b>992,577</b>	<b>1,084,400</b>
Value Added Tax	891,149	627,965
<b>TOTAL EXPENDITURES</b>	<b>13,333,530</b>	<b>10,900,338</b>

### 25.3 Statement of Output Costs

The 5 Statements of Output Costs are detailed in Appendix 25.1.

### 25.4 Appropriation Statement

The Ministry incurred expenditures totalling \$13,333,530 in 2007 against the budget of \$16,639,100 resulting in a savings of \$1,428,363 or 8.6%.

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

**Table 25.2: Appropriation Statement for 2007**

SEG	Item	Budget Estimate \$	Changes \$	Revised Estimate \$	Actual Expenditure \$	Carry – Over \$	Lapsed Appropriation \$
1	Established Staff	3,136,600	9,951	3,146,551	3,006,476.28	0	140,074.72
2	Unestablished Staff	303,900	4,496	308,396	300,388.72	0	8,007.28
3	Travel & Communication	199,700	1,400	201,100	183,869.56	0	17,230.44
4	Maintenance & Operations	315,900	37,600	353,500	312,163.70	0	41,336.30
5	Purchase of Goods & Services	106,400	(16,500)	89,900	44,726.02	0	45,173.98
6	Operating Grants & Transfers	4,349,400	16,654	4,366,054	4,345,154.69	0	20,899.31
7	Special Expenditure	4,337,100	(53,601)	4,283,499	3,257,025.32	0	1,026,473.68
	<b>Total Operating Costs</b>	<b>12,749,000</b>	<b>0</b>	<b>12,749,000</b>	<b>11,449,804.29</b>	<b>0</b>	<b>1,299,195.71</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	1,000,000	0	1,000,000	0	0	1,000,000
9	Capital Purchases	191,300	0	191,300	172,561.86	0	18,738.14
10	Capital Grants and Transfers	1,500,000	0	1,500,000	820,015.00	0	679,985.00
	<b>Total Capital Expenditure</b>	<b>2,691,300</b>	<b>0</b>	<b>2,691,300</b>	<b>992,576.86</b>	<b>0</b>	<b>1,698,723.14</b>
13	Value Added Tax	1,198,800		1,198,800	891,149.11	0	307,650.89
	<b>TOTAL EXPENDITURE</b>	<b>16,639,100</b>	<b>0</b>	<b>16,639,100</b>	<b>13,333,530.26</b>	<b>0</b>	<b>3,305,569.74</b>

A total of \$70,101 was transferred between the standard expenditure groups (SEGs) in 2007.

## 25.5 Statement of Losses

- 1) A DVD player valued at \$169 was reported missing by the Senior Co-operative Officer-Training on 13/11/07 but a loss report was not prepared. The staffs of the Department bought a replacement.
- 2) A laser printer valued at \$389 was approved for write off by the Permanent Secretary for Finance as it was unserviceable.
- 3) The Nadi office vehicle no. GK220 valued at \$13,000 was approved for write off by the Minister for Finance.

## 25.6 TMA Annual Financial Statements

**Table 25.3: Trading & Manufacturing Account - Government Handicraft Centre**

Manufacturing Account	2007 \$	2006 \$
Raw Materials (1/1/07)	0	0
Purchases	4,560	4,216
Raw Materials (31/12/07)	0	0
Raw Materials Used	4,560	4,216
Add Work in Progress (1/1/07)	0	0
	4,560	4,216
Direct Costs	0	0
Direct Labour	0	0
Indirect Costs	0	0
Factory Overheads	524	688
Indirect Labour	0	0
Less Work in Progress (31/12/07)	0	0
<b>Cost of manufactured goods transferred to Trading Account</b>	<b>5,084</b>	<b>4,904</b>
<b>Trading Account</b>		
Sales	11,380	13,081
Stock of Finished Goods (1/1/07)	3,004	0
Add Cost of Manufactured Goods transferred from Manufacturing Account	5,084	4,904
	8,088	4,904
Less Stock of Finished Goods (31/12/07)	6,094	3,004
Cost of Finished Goods Sold	1,994	1,900
<b>Gross Profit Transferred to P&amp;L</b>	<b>9,386</b>	<b>11,181</b>
<b>Profit &amp; Loss Statement</b>		
<b>Income</b>		
Gross Profit transferred from Trading A/c	9,386	11,181
Other Income	0	0
<b>Total Income</b>	<b>9,386</b>	<b>11,181</b>
<b>Expenses</b>		

Manufacturing Account	2007 \$	2006 \$
Travel Domestic	269	0
Communication	1,507	1,669
Vat Input Tax	668	1,605
<b>Total Expenses</b>	<b>2,444</b>	<b>3,274</b>
<b>Net Profit for the year</b>	<b>6,942</b>	<b>7,907</b>

## AUDIT FINDINGS

### 25.7 Submission of Incomplete Financial Statements

Finance Instructions 81(3) provides that 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.

Each agency must include the following statements in its annual financial statements:<sup>1</sup>

- a.) a statement of receipts and expenditure;
- 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 (where applicable)

The 2007 draft financial statements submitted by the Ministry for audit did not include the trust statement of receipts and payments.

#### **Recommendation**

**The Ministry should ensure that all the required statements are submitted for audit.**

#### **Ministry's Comments**

*As informed earlier, the statements issued are the financial statements authorized by the Ministry of Finance in respect of our Ministry. The reports submitted are the only reports developed by the FMIS to date. As for the format, these reports were printed for us by the Ministry of Finance so they are expected to be within the guidelines of the Manual*

### 25.8 Statement of Output Cost

The 2007 budget estimates of the Ministry of Commerce, Industry, Investment and Communication prescribes 13 outputs. The financial statement submitted for audit consolidated its expenditures into five statements of output costs.

<sup>1</sup> Finance Instruction 82(1)

### **Recommendation**

**The Ministry should prepare 13 statements of output costs as specified in the budget estimates.**

### **Ministry's Comments**

*The five core outputs for the Ministry as outlined in the Portfolio Performance Statement are as follows:*

- 1.Portfolio Leadership Policy Advice*
- 2.Licensing, Compliances and Monitoring*
- 3.Export and Investment Promotion*
- 4.Education, Training – Small Business Management*
- 5.Provision of Infrastructure – Telecommunication and Postal Services to Remote Areas.*

*Outputs 1 and 2 above are common to all programs and that is now a total of 13 outputs have been identified. The output costing was submitted and approved by the Budget Division of the Ministry of Finance. The financial statements are linked to the 5 core outputs for 2007.*

## **25.9 FNPF Reconciliation**

A reconciliation of FNPF revealed that FNPF may have not been paid in respect of salaries and wages totalling \$100,906. Refer to Appendix 25.2 for details.

### **Recommendation**

**The Ministry should provide explanations for the FNPF not paid on salaries and wages totalling \$100,906.**

### **Ministry's Comments**

*FNPF reconciliations are done every month with the payrolls before the payment to the FNPF Board. The payments have to match with the salary/wages deductions for the particular month. Your high level reconciliation did not take into account that FNPF is deducted on gross earnings of salary and wage only excluding allowances. The figures you have quoted includes payment of various allowances with salaries and wages to officers which are not subject to FNPF.*

*Please also note that we have a number of project staff whose employers share of FNPF contributions are charged to the project budget although salaries are initially charged to the Personal Emolument allocations. Apart from above there is no discrepancies in reconciliations of FNPF with the Payroll.*

## **DEPARTMENT OF COMMERCE AND INDUSTRY**

### **25.10 Review of the Performance of the Government Handicraft Centre**

Trading & Manufacturing Accounts were created to provide goods and services that are needed to other government departments and also to the private sector when possible. However it is required that TMAs should break even to ensure that all costs incurred in its operations are recouped.<sup>2</sup>

The Government Handicraft Centre (GHC) has been in existence since 1974 with the objective to encourage the production of traditional handicraft as a means of creating income, employment and

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<sup>2</sup> Finance Circular 37 dated 26/11/84

stimulating business opportunities in the rural areas. For the past 10 years, GHC has concentrated mainly on selling handicrafts from its centre in Suva.

The Government Handicraft Centre operates a trading and manufacturing account and has been incurring losses for the last 7 years. Refer table for details.

**Table 25.4: Losses - GHC**

Year	Loss (\$)
2001	66,889.00
2002	70,530.57
2003	68,854.93
2004	71,622.93
2005	71,907.07
2006	74,779.93
2007	72,469.09

With sales of only \$9,922 in 2007, the activity cannot be viable given that rent alone is \$30,000 annually apart from other operational costs, including wages of 4 employees.

#### **Recommendation**

**The Ministry should seriously consider closing the Government Handicraft Centre because it is commercially not viable as a business operation.**

#### **Ministry's Comments**

*A cabinet paper for the review of the Government Handicraft Centre has already been submitted to the Cabinet and we are awaiting directive for the 'Way Forward' for the centre.*

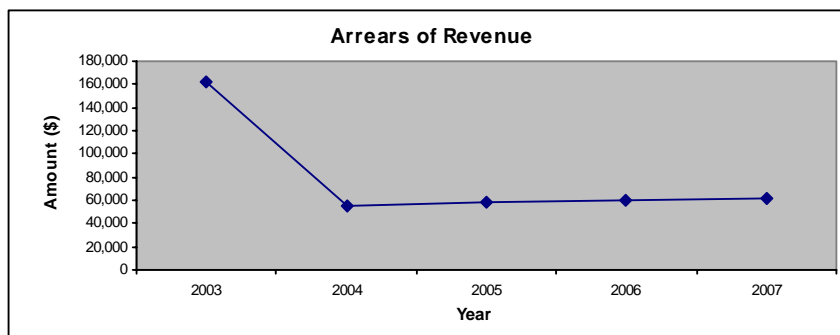
## **DEPARTMENT OF COOPERATIVES**

### **25.11 Arrears of Revenue**

#### **Arrears of Revenue - Interest on Consumer Loan Scheme**

Arrears of revenue (interest on Consumer Loan Scheme) as at 31 December 2007 increased by \$2,657 or 4.5% compared to 2006.

Year	Balance \$
2003	162,842
2004	54,711
2005	57,890
2006	59,647
2007	62,304



Efforts made by the Department of Cooperative to recover its debts proved futile as most of these co-operative societies have liquidated. This resulted in the rise of arrears of revenue (principal and interest) to \$166,479 as at 31/12/07 of which \$163,497 or 98% has remained uncollected for more than 5 years.

The details of arrears of revenue are shown in the table below

**Table 25.5: Arrears of Revenue**

Age of Arrears	Principal Balance \$	Interest \$	Total Owing \$	Percentage Owing %
0 – 2 Years	0.00	0.00	0.00	0.00
2 – 5 Years	2,570.00	462.60	3032.60	1.8
Over 5 Years	101,605.92	61,841.22	163,497.14	98.2
<b>Total</b>	<b>104,175.92</b>	<b>62,303.82</b>	<b>166,479.74</b>	<b>100.0</b>

### **Recommendations**

- **Concerted efforts should be taken to collect the arrears of revenue.**
- **The Department of Cooperative should review its debt recovery and lending procedures.**

### **Ministry's Comments**

*The overdue loans are owned by co-ops that have ceased to operate 5 years ago and beyond. For these amounts to be written off, the Department of Co-operative will need to identify savings from its annual budget allocation to effectively write off the delinquent loans. Until savings are identified, the total amount outstanding will continue to increase annually because of the additional annual interest charged. To date the Department has not been able to create any savings from its annual budget allocation to offset the delinquent loans. As recommended, the Department will review very shortly the operation of its lending fund account.*

## **25.12 Revolving Fund Account – Miscellaneous**

The Revolving Fund Account Miscellaneous shows a balance of \$21,257 as at 31 December 2007.

The amount comprise of payments made by Ministry of Finance regarding a court decision in 2002 against Ramesh Chand, a Senior Assistant Cooperative Officer who was found guilty of contributory negligence. Mr. Ramesh Chand was driving the government vehicle GM 332 on 30/05/01, when he was involved in an accident.

The Department was ordered to pay a sum of \$83,030 after a High Court Civil Action No. 88 of 2002 ruled against the driver of the government vehicle, Mr. Chand for contributory negligence. The Ministry of Finance paid a sum of \$66,273 on behalf of the Department being 75% of the total judgement fees to the plaintiff in 2005.

An appeal was later lodged by the plaintiff on the amount paid to him. The court ruled in his favour and the Ministry of Finance paid the remaining balance and other legal costs amounting to \$21,257 in 2007.

### **Recommendation**

**The Department should recover the amount from the driver.**

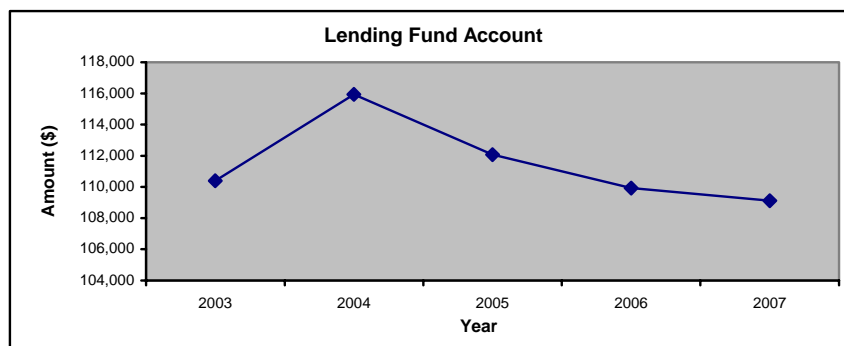
### **Ministry's Comments**

*The case regarding negligence by Mr Ramesh Chand is being handled by MOF who is in possession of all the relevant documents and they shall lay charges upon him through the normal process. They shall accordingly inform us of the charges that will be imposed upon the officer.*

## **25.13 Lending Fund Account**

Lending Fund established by the Government in 1973 to fund low interest, short term borrowing by the consumer co-operatives. The balance consists of irrecoverable funds.

Year	Balance \$
2003	110,386
2004	115,926
2005	112,070
2006	109,926
2007	109,111



There was a decrease in the outstanding loans balance in 2007 under the Lending Fund Account by \$815 or 0.74% compared to 2006 due to the repayment of loans by some cooperatives during the year.

### **Recommendation**

**Efforts should be made to collect the arrears of revenue.**

### **Ministry's Comments**

*The Department does send reminders to the supervising officers of co-operatives that have loans under the above. They do undertake their yearly annual audit tour to the rural and outer islands from July to November. Reminder letters have been issued to them.*

## DEPARTMENT OF COMMUNICATION

### 25.14 Expired Licences

A licence granted shall be in writing and, unless previously revoked in accordance with any term contained in the license, shall continue in force for such period as may be specified under the licence.<sup>3</sup> The fee payable for any licence shall be the fee for the full licensing year which shall be deemed to commence on the first day of January.<sup>4</sup>

A person who dishonestly obtains a service by means of a telecommunication system licensed under the Telecommunications Act with intent to avoid payment of any charge applicable to the provision of that service shall be guilty of an offence and liable to imprisonment for a term not exceeding one year or a fine not exceeding one thousand dollars, or both.<sup>5</sup>

All communication license issued by the Department are valid for one year and renewed annually upon payment of the license fee as specified in the licence agreement by the licence holder.

Numerous telecommunication licence holders had not renewed their annual licence with the payment of the required fees. Audit noted that the license holders continued to provide the communication services, contrary to section 30 of the Telecommunication Act. Refer to the table below for examples.

**Table 25.6: Examples of Licence Holders Operating Without Renewing their Licence**

Licence Holder	Type of Licence	Approval Date	Annual Fees \$	Arrears \$	Comments
Gizzmo Phones	Radio Dealers Licence	25/09/01	562.50 (VEP)	2,317.52	Annual License Fee not paid and license not renewed by the Department.
Integral Multimedia & Communications	ISP licence	01/12/00	1100.00 (VEP)	3,375.00	Annual License Fee not paid and license not renewed by the Department.

The license holders continued to provide communication services despite non-payment of license fees.

### **Recommendation**

**The Department should immediately revoke the licenses that are in arrears.**

### **Ministry's Comments**

- ❖ *Immediate revocations of licenses which are in arrears are seriously being considered by the Department and have been noted with priority.*
- ❖ *The Department has also noted that legal actions against illegal operators should be pursued as recommended. However, considering the small magnitude of license fees owed to Government by some license holders, it would be uneconomical for the Government to take legal actions against such licensees.*
- ❖ *The Department is now reviewing the license agreements to include the recommended provision ("license would be revoked upon nonpayment of license when due") in all the licenses that will be issued to the public.*

<sup>3</sup> Telecommunications Act Chap 173, [section 7(2)]

<sup>4</sup> Telecommunications Act Chap 173, [section 91]

<sup>5</sup> Telecommunications Act Chap 173, [section 30]

<i>Licence Holders</i>	<i>Type of Licence</i>	<i>Approval Date</i>	<i>Annual Fees \$</i>	<i>Arrears \$</i>	<i>Comments</i>
<i>Gizzmo Phones</i>	<i>Radio Dealers Licence</i>	<i>25/09/01</i>	<i>562.50 (VEP)</i>	<i>2,317.52</i>	<i>The company is still operating but is struggling to make full payment of the total amount due. They have promised to do two payments until third quarter of 2008.</i>
<i>Integral Multimedia &amp; Communications</i>	<i>ISP licence</i>	<i>01/12/00</i>	<i>1100.00 (VEP)</i>	<i>3,375.00</i>	<i>The company is not responding to telephone calls and reminders</i>

## 25.15 Arrears of Revenue

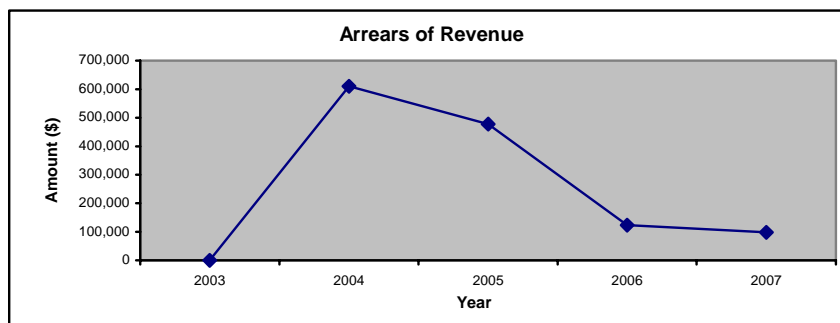
Chief Accounting Officers are personally responsible for the prompt collection of all revenue under their control and for the prompt submission of bills in respect of services rendered by the Government.<sup>6</sup>

Recovery of revenue should not be waived and the responsible officer is held liable if revenue has become irrecoverable through delay in enforcing payment.<sup>7</sup>

The arrears of revenue of telecommunication fee as at 31/12/07 totalled \$97,918. A five year analysis is shown in the table below.

### Arrears of Revenue - Communication

<i>Year</i>	<i>Balance \$</i>
2003	0
2004	610,802
2005	477,348
2006	123,651
2007	97,918



The arrears accumulated over the years as a result of the inability of the license holders to pay their license fees when due.

### Recommendation

**The Department should ensure that stringent measures are put in place for the prompt recovery of outstanding telecommunication license fees.**

### Ministry's Comments

*Recommendations by the Auditor General has been noted by the Department of Communications, and shall pursue necessary actions for stringent debt recovery procedures to be put in place to recover outstanding arrears and identify those to be recommended for deletion.*

<sup>6</sup> Finance Instruction 114

<sup>7</sup> Finance Instruction 123(2)

*We reply to the audit queries being made against the Department of Communication on the subject of Debt Collection Mechanism, and we hereby elaborate on significantly important issues which should also be considered by the Office of the Auditor General.*

➤ **The Scope of Work and the Officers within the Department:**

*The Department of Communication is made up of:*

❖ Officers with technically oriented backgrounds	-	6	
❖ Accounts Officer		-	1
❖ Secretaries	-	2	
❖ Driver		-	1
❖ TOTAL NUMBER OF PERSONNEL	-	10	

- *It should be noted that the core business of the Department is focused on technical and administrative issues in its role as the Regulator of the Telecommunications Industry in Fiji. Evidently therefore 60% of our staffs are technical personnel who merely have very little knowledge in basic accounting.*
- *The above number of personnel (6 Officers) is the very people that are involved in Debt Collection activities.*
- *There is no clear definition on the exact role of the Accounts Officer within the Department and that the Senior Engineer and the three (3) Technical Officers mentioned above had been expected to include in their position descriptions certain accounting activities which are inclusive of debt collections and other related accounting tasks.*
- *The total number of Stations recorded by the Department is 9203. To revalidate a station it has to be inspected by our radio inspectors who physically go out to visit those stations. With the limited number of personnel available in the Department, we could only inspect those stations randomly which are accessible by roads or by boat and are closer to the major urban centres. This is done within the limits of our budgeted provisions allocated for such activity.*

*The various types of radio services, monitoring of revenue collections and arrears of revenue are distributed between the Senior Engineer and three (3) Technical Officers*

- *Invoices are prepared and sent to debtors in December.*
- *Reminders are then sent in January to those that have failed to respond to the first invoice that was sent in December.*  
*Collection of fees resumes immediately as debtors responded to invoices and reminders being sent.*
- *Monthly & Quarterly Reports on revenue collected.*
- *Monthly and Quarterly Reports on outstanding arrears.*
- *Other technical reports on technical matters concerning the Telecommunications industry in Fiji.*

*In view of the above we therefore draw your attention to the above constraints that currently exist within the Department of Communications.*

**Appendix 25.1 – Statement of Output Costs****General Administration 2007**

	2007 (\$)	2006 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	449,234	532,412
Government Wage Earners	97,467	77,234
Travel and communications	59,668	60,043
Maintenance & operations	101,490	96,406
Purchase of goods and services	11,590	7,493
Operating grants and transfers	4,203,752	4,312,237
Special expenditures	0	90,410
<b>Total Operating Costs</b>	<b>4,923,201</b>	<b>5,176,235</b>
<b>Capital Expenditure</b>		
Construction	0	0
Purchases	0	44,400
Grants and Transfers	320,015	1,040,000
<b>Total Capital Expenditure</b>	<b>320,015</b>	<b>1,084,400</b>
Value Added Tax	90,836	100,407
<b>TOTAL EXPENDITURE</b>	<b>5,334,052</b>	<b>6,361,042</b>

**Economic Analysis Unit 2007**

	2007 (\$)	2006 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	311,009	324,402
Unestablished staff	51,842	55,404
Travel and communications	10,271	7,387
Maintenance & operations	18,340	23,744
Purchase of goods and services	2,721	24,841
Operating grants and transfers	0	0
Special expenditures	3,021,057	958,781
<b>Total Operating Costs</b>	<b>3,415,240</b>	<b>1,394,559</b>
<b>Capital Expenditure</b>		
Construction	0	0
Purchases	0	0

	2007 (\$)	2006 (\$)
Grants and Transfers	0	0
<b>Total Capital Expenditure</b>	0	0
Value Added Tax	416,761	210,108
<b>TOTAL EXPENDITURE</b>	<b>3,832,001</b>	<b>1,604,667</b>

**Fair Trading 2007**

	2007 (\$)	2006 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	499,644	540,723
Unestablished staff	49,505	51,729
Travel and communications	26,939	27,997
Maintenance & operations	96,029	96,023
Purchase of goods and services	1,343	1,580
Operating grants and transfers	0	0
Special expenditures	135,452	91,727
<b>Total Operating Costs</b>	<b>808,912</b>	<b>809,779</b>
<b>Capital Expenditure</b>		
Construction	0	0
Purchases	152,095	0
Grants and Transfers	0	0
<b>Total Capital Expenditure</b>	<b>152,095</b>	<b>0</b>
Value Added Tax	113,541	94,524
<b>TOTAL EXPENDITURE</b>	<b>1,074,548</b>	<b>904,303</b>

**Cooperatives 2007**

	2007 (\$)	2006 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	1,479,788	1,558,425
Unestablished staff	89,202	86,467
Travel and communications	66,072	75,131
Maintenance & operations	78,966	75,222
Purchase of goods and services	18,754	12,154
Operating grants and transfers	0	0
Special expenditures	0	0

	2007 (\$)	2006 (\$)
<b>Total Operating Costs</b>	<b>1,732,782</b>	<b>1,807,399</b>
<b>Capital Expenditure</b>		
Construction	0	0
Purchases	20,467	0
Grants and Transfers	0	0
<b>Total Capital Expenditure</b>	<b>20,467</b>	<b>0</b>
Value Added Tax	217,098	222,925
<b>TOTAL EXPENDITURE</b>	<b>1,970,347</b>	<b>2,030,324</b>

**Communication 2007**

	2007 (\$)	2006 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established staff	266,800	264,660
Unestablished staff	9,629	8,274
Travel and communications	23,663	22,677
Maintenance & operations	17,338	16,582
Purchase of goods and services	10,318	8,165
Operating grants and transfers	141,403	156,261
Special expenditures	100,517	0
<b>Total Operating Costs</b>	<b>569,667</b>	<b>476,618</b>
<b>Capital Expenditure</b>		
Construction	0	0
Purchases	0	0
Grants and Transfers	500,000	0
<b>Total Capital Expenditure</b>	<b>500,000</b>	<b>0</b>
Value Added Tax	52,913	33,321
<b>TOTAL EXPENDITURE</b>	<b>1,122,580</b>	<b>509,940</b>

## Appendix 25.2 Reconciliation of FNPF

### a.) Total FNPF against salaries and wages for 2007:

Total FNPF against salaries and wages returns for 2007:

FNPF as per financial statements	\$	240,459
Add: December 2007 FNPF (42,453/2)		<u>21,227</u>
		261,686
Less: December 2006 FNPF (48,891/2)		<u>(24,446)</u>
FNPF for 2007		<u>237,240</u>
Gross Pay subject to FNPF [237,240 divided by 0.08]		<u>2,965,500</u>

### b.) Salaries and Wages for 2007 subject to FNPF:

Salaries, Wages and Allowance as per financial statements	3,066,406
<b>Difference</b>	<b>(100,906)</b>

**Section 26****Ministry of Transport, Works and Energy****Programme Statement**

The Ministry of Transport, Works and Energy comprises of the following Departments:

- Civil Aviation
- 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 of Transport, Works and Energy 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, airfields 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.

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## FINANCIAL STATEMENTS

The accounts for the Ministry were not provided for audit until early October 2008.

Despite the efforts of auditors to complete the audit of the financial statements, the Permanent Secretary and the Principal Accounts Officer have not signed the 2007 audited accounts as at the date of finalisation of the Audit Reports.

## AUDIT FINDINGS

### DEPARTMENT OF METEOROLOGICAL SERVICES

#### 26.1 Sub-letting of quarters by Department's Staff.

It shall be a condition of the letting arrangement under which an Officer is provided with Government quarters or private quarters rented or subsidized by Government that he/she does not sub-let any part thereof or use the quarters to take in a lodger or paying guest without the express permission of the Secretary for the Public Service.<sup>1</sup>

Audit noted that numerous officers who are allocated quarters offered the Namaka Freebird Institute to accommodate the Japanese nationals at \$15/day or \$400/month to cater for balanced meals, water, electricity and other services.

The matter was brought to the attention of the Director of Meteorology on 01/05/07 through an email from a staff member who does not have allocated quarters.

The following issues were noted:

- An investigation was carried out by the Department's Housing Committee on 22 May 2007 and made recommendations that occupants of these government quarters be allowed to participate as hosts for the Japanese guests with the prior approval of Public Service Commission.

TABLE 26.1: EXTRACTS FROM HOUSING COMMITTEE REPORT AS AT MAY 2007

Name	Duration of Home stay
Alipate Waqacelua	14 May – 01 June 2007
Ian Singh	Involved in past and present. A guests had 6 weeks left
Talaite Ratucadra	3 months (2006)
Charlie Johnson	No longer involved. Had a guest about 2 months about 2 years ago.
Narend Kumar	Has one guest in May and to complete in July 2007.
Lusiana Bulunasui	Has one guest up to November 2007

- Public Service Commission on 12/06/07 advised the Housing Committee for these guests to vacate no later than 17/06/07.
- Audit noted that all officers acted upon the advice by the Public Service Commission except for Ms Lusiana Bulunasui who continued to accommodate the guests up to November 2007.
- Audit could not establish whether there were any follow up by the Housing Committee in respect of these *home stays*.

The accommodation of guests in institutional and government quarters without PSC approval is contrary to the General Order 609.

#### Recommendations

- **The Department must ensure that prior approval of the Public Service Commission must be obtained for any guests that are accommodated in officers allocated quarters.**

<sup>1</sup> General Order 609.

- **Disciplinary action should be taken against these Officers to act as a deterrent for would be offenders.**

### **Department's Comments**

*The Department did not pursue the matter any further after receiving memorandum from PSC on 12.06.07. The Department had written a letter of explanation to the Commission and also most of the staff involved[mentioned in your memo collectively wrote to the Commission on the issue stating that they were not subletting but hosting Home Stay Japanese students. They wrote to say that subletting needed an agreement to be drawn up between the tenant and the Landlord which was never done in this case of Home Stay and that the GO was also silent on the issue of Home Stay.*

*The Department awaited a reply to both the above correspondence from PSC but unfortunately we have not received any reply as yet and all staff concerned either cancelled their new Home Stay intake or waited until their school term ended and the students flew back to Japan. To discipline only one staff when there were more than one staff who allowed their students to stay until their school term ended in December and in view of the many other civil servants in the Nadi area hosting Home stays until end of the year we deemed it unfair to discipline only.*

*The Department has however informed all staff involved not to take in any more Homestay in 2008 until there is a clear ruling made by PSC thus no one has engaged any new Home Stay from 2008 until to date or all those involved just saw their last Home Stay fly off and never took in anyone else.*

## **AUDIT FINDINGS**

### **FIJI ISLANDS MARITIME AND SAFETY ADMINISTRATION**

#### **26.2 Overpayment of telephone rentals**

The principle of responsible financial management is to ensure that value for money is obtained in the use of money and resources.<sup>2</sup>

Audit noted that the Department had been paying Telecom Fiji Limited telecom rental for service number 3315266 on an average of \$470/month since late 2005. Audit noted that COMPAC had replaced the PABX system on 07/11/05 and had installed a new system on an outright purchase which should only include line rentals of \$35/month. However, the department has been paying rentals on the PABX system until February 2008. Refer to table 26.2 for details of excess payments made in 2007.

The Department had advised Telecom Fiji about the problem in October 2005.

TABLE 26.2: EXCESS RENTAL PAYMENT – 3315266

Month	Paid \$	Payable \$	Excess \$
March	472.14	35.00	437.14
April	471.62	35.00	436.62
May	470.52	35.00	435.52
June	470.52	35.00	435.52
July	470.52	35.00	435.52
August	471.49	35.00	436.49
October	473.02	35.00	438.02
November	471.01	35.00	436.01

<sup>2</sup> Financial Management Act 2004, Section.5(c)

Month	Paid \$	Payable \$	Excess \$
Total	3,770.84	280.00	3,490.84

Audit also noted that service numbers 3304220, 3240021 and 3311302 were not used but rental for them were paid for.

While Telecom Fiji has amended its rental charges from February 2008, recovery has not been made on the overpayments since November 2005.

The Department's failure to recover the money is evidence of wastage and uneconomical use of taxpayers' funds.

### **Recommendation**

**The Department should consult Telecom Fiji and arrange for the refund of the excess payments.**

### **Department's Comments**

*Telephone Number 3304 220 – Directors' direct line*

*Telephone Number 3240 021- Asst. Director and Port Master- Parallel connection*

*Telephone Number 3311 302 – Not used due to unpaid bill at the ports*

*The Administration is now paying business line rental only at \$35.00 per month. The Administration had written to Telecom on 20 October 2005 advising them of the continuous billing of both rental charges for the equipment and lines and to cease charging rental for the equipment. Again the Administration followed this up in 15/01/08. Telecom (Fiji) Ltd. had responded (by phone) claiming the Administration did not advise them. Our records confirm otherwise and will continue to follow this up.*

*As to the parallel connection, which is showing in one account this will have to be separated to register calls properly from the two different sections.*

## **26.3 Long Outstanding Arrears of Revenue**

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

- i) no further credit should be extended to the debtor;
- ii) a demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than one month;
- iii) if the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.<sup>3</sup>

A review of the department's debt recovery procedures indicated that there were no proper recovery measures in place to ensure prompt payments by shipping agents. As at 31 December 2007, arrears of revenue from light dues amounted to \$118,531. Refer to Table 26.3 below for details.

<sup>3</sup> Part 9, Section 9.2.1 – Finance Manual

TABLE 26.3: ARREARS OF REVENUE – LIGHT DUES

Period	Amount \$	%
3 months	51,842	44
6 months	21,429	18
9 months	4,107	4
1 year & over	26,506	22
2 – 5 years	13,542	11
Over 5 years	1,105	1
<b>Total</b>	<b>118,531</b>	<b>100</b>

The Revenue Clerk at the Ministry and the Clerical Officer under the Shipping/Regulatory Office (Suva) of Fiji Islands Maritime Safety Administration (FIMSA) has been issuing reminders to shipping agents.

Audit also noted that numerous payments received from shipping agents were made directly to the Ministry's headquarters. Furthermore, those payments received from agents at Headquarters were not communicated to FMISA to update its accounts.

The miscommunication between the officer issuing reminders and the revenue clerks has resulted in the delay in informing shipping agencies of the correct amount owed. This has also contributed to the accumulation of arrears of revenue.

### **Recommendations**

- **The responsibility of issuing reminders and collection of debts should be entrusted with the Assistant Accounts Officer – FIMSA.**
- **Management should ensure that reminders are sent on time to ensure prompt collection of debts and reconciliation should be carried out regularly between the Headquarters' records.**
- **Concerted effort should be taken to recover the outstanding debts.**
- **Suspending or restricting services to shipping agents which owe debts should also be considered.**

### **Department's Comments**

*The Declarations by shipping agents with Customs are now collected daily. Reminders are sent to Shipping Agents when payment becomes overdue. Management is of the opinion that the sending of reminders is best maintained with Shipping Office which now has a dedicated officer.*

*Generally most of the arrears of revenue are from fishing vessels and the department is liaising with Customs on the issue of collection and clearance.*

## **GOVERNMENT SHIPPING SERVICES**

### **26.4 Vessel fuel used for fuelling motor vehicles**

Inventory should be purchased in the most economical manner having regard for the expected level of usage.<sup>4</sup>

<sup>4</sup> Finance Instruction 43 (1), 2005

Audit noted that the fuel purchased for the vessels was also used by the Department's vehicles. Vehicles from the Ministry with registration numbers GM 777; GN 046; GM 739 and GM 839 were also fuelled from this source.<sup>5</sup>

Refer to Table 26.4 below for details.

TABLE 26.4: VEHICLES RE – FUELLED FROM VESSEL FUEL STORAGE

Date	Vehicle #	Amount (litres)	Average Rate \$	Amount \$
10/07/07	GN 107	58	1.50	87.00
05/09/07	GM 887	60	1.50	90.00
05/09/07	GN 029	70	1.50	105.00
26/09/07	GM 887	60	1.50	90.00
04/10/07	GM 887	24	1.50	36.00
09/10/07	GN 029	86	1.50	129.00
09/10/07	GM 887	57	1.50	85.50
09/10/07	GN 029	18	1.50	27.00
12/10/07	GN 029	88	1.50	132.00
14/10/07	GN 029	50	1.50	75.00
16/10/07	GM 887	48	1.50	72.00
19/10/07	GN 029	80	1.50	120.00
19/10/07	GM 839	36	1.50	54.00
19/10/07	GM 887	32	1.50	48.00
5/11/07	GM 887	60	1.50	90.00
5/11/07	GN 029	67	1.50	100.50
5/11/07	GM 839	37	1.50	55.50
7/11/07	GM 887	54	1.50	81.00
8/11/07	GN 029	43	1.50	64.50
13/11/07	GM 739	30	1.50	45.00
13/11/07	GM 777	70	1.50	105.00
13/11/07	GN 046	70	1.50	105.00
14/11/07	GN 029	73	1.50	109.50
15/11/07	GM 887	46	1.50	69.00
21/11/07	GM 887	48	1.50	72.00
22/11/07	GN 046	77	1.50	115.50
<b>Total</b>				<b>2,163.00</b>

The fuel storeman stated that the Acting Director gave the authority for the vehicles to be refuelled from the vessels' bowzer due to closure or unavailability of fuel at the PWD Depot. Moreover, appropriate accounting journals are prepared to allocate expenditure allocations.

The above practice could affect the fuel allocation for vessels should an urgent fuel need arises for vessels.

### **Recommendations**

- **Surcharge action should be taken against the responsible officers.**
- **The practice of issuing fuel from the vessels bowzer should cease immediately.**

<sup>5</sup> The department had assured audit, after the issue was raised in 2006 that vessel fuels would not be abused.

**Department's Comments**

*In view of the past practice where no record was kept for vehicles filling fuel from Bunker at Shore – GSS, we have implemented control measures last year, and slowly the system is improving. Before the PMO and Cargo Officer authorized the fuel from Bunker, but now the Department has implemented control measures and only Acting Director GSS or HOD – GSS can authorize transactions depending on the surrounding circumstances.*

*The operation of GSS fleet is such that at times odd requests do arise where LPO's could not be issued. FMIS and the bureaucracy in terms of approval and signing of LPO for fuel also affects the operation and leads with no option but to fill from the bunker. These transactions are later journalize by the Assistant Accounts Officer to its correct budgetary allocations.*

*The other non listed vehicles belong to the Ministry.*

*The Department is adamant that come a time with current strict policies being implemented, this issue will be solved completely.*

**26.5 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.<sup>6</sup>

Audit noted the Department purchase drums of fuel for its vessels from Total Fiji Limited with a refundable deposit of \$50 per drum.

Audit noted that Total Fiji Limited has yet to refund a total of \$34,150 after drums were returned. Refer to Table 26.5 below for details.

TABLE 26.5: OUTSTANDING REFUNDABLE DEPOSITS FROM TOTAL FIJI LIMITED

Date	Payee	Quantity	Drum Deposit \$
2006	Outstanding refund	366	18,300
4/01/07	Total Fiji Limited	9	450
24/01/07	Total Fiji Limited	6	300
01/02/07	Total Fiji Limited	10	500
09/03/07	Total Fiji Limited	20	1,000
27/03/07	Total Fiji Limited	20	1,000
11/04/07	Total Fiji Limited	10	500
24/05/07	Total Fiji Limited	25	1,250
29/05/07	Total Fiji Limited	20	1,000
25/06/07	Total Fiji Limited	20	1,000
10/07/07	Total Fiji Limited	10	500
20/07/07	Total Fiji Limited	20	1,000
28/08/07	Total Fiji Limited	25	1,250
06/09/08	Total Fiji Limited	35	1,750
17/10/07	Total Fiji Limited	2	100
24/10/07	Total Fiji Limited	20	1,000
15/11/07	Total Fiji Limited	5	250
29/11/07	Total Fiji Limited	30	1,500
06/12/07	Total Fiji Limited	30	1,500
<b>Total</b>		<b>683</b>	<b>34,150</b>

<sup>6</sup> Finance Instruction 18

The issue was also reported in the 2006 Audit Report.

### **Recommendations**

- **The Department should ensure that proper records are kept for empty drums and follow up action be made with Total Fiji Limited for the refund of the drum deposits.**
- **Surcharge action should be taken against responsible officers for not maintaining proper records.**

### **Department's Comments**

*The issue of Drum Deposit and Credit Note was brought to attention in 2006. In 2007 follow-up inspection was carried out by Ministry of Finance and in August 2007, the problem of mis-appropriation of Empty Drums surfaced.*

*A plastic Rota Tank has been purchased to store used engine oil from vessels. A system of handling empty drums, and dispatching drums with fuel was outlined and documented. This resulted in stoppage of Empty Drums being sold to public at the cost of \$1.10.*

*Strict directives and control measures were implemented and sale of empty drums was ceased immediately. All Engineers were informed of the procedures and accountability of Drums onboard and at shore together with the handling procedures. The system of Tally Card of all Drums was implemented from 01.10.2007.*

*As far as the internal control is concerned, implementation is working; however slight misunderstanding on the part of our Payments Clerk and Total Fiji Limited has resulted to no Credit Notes being received from the company.*

*The Department has all the records of Empty Drums being uplifted by Total Fiji from the yard and will definitely seek credit note. The procedure with Total Fiji Limited was not made clear to us at first stage, therefore, this will be formalized in the month of May – 2008.*

## **26.6 In-operative Vessel - Adi Cagi ni Toba**

The responsible authority for a budget sector agency is responsible for the effective, efficient and economical management of the agency and also ensuring that money and property of or under the control of the agency are properly accounted for.<sup>7</sup>

Audit noted that the Department took over the vessel Adi Cagi ni Toba from the Ministry of Fisheries and Forestry in 2002. There were 3 crews appointed to work with Adi Caginitoba and were based in Labasa.

The following anomalies were noted.

- The vessel had not been utilised since it was taken over from Ministry of Fisheries and Forest and had been undergoing maintenance since 2002. Audit was not able to be provided the cost of repairs and maintenance from 2002 to 2006 since staff at the Department were recently transferred from other Department.
- In 2007, the Department paid a total of \$10,160 for its repairs and maintenance.

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<sup>7</sup> Section 28 – Financial Management Act 2004  
Ministry of Transport, Works & Energy

- The 3 vessel crews allocated for Adi Caginitoba who are based in Labasa are being paid wages despite the vessel being berthed in Suva since it was received from the Ministry of Fisheries and Forest. In 2007, the crews received a total sum of \$29,113 in wages.

The decision to take over the vessel was ill conceived and a waste of government resources.

### **Recommendation**

**The Department should stop all repairs on the vessel and redeploy the workers to where they are needed.**

### **Department's Comments**

*Ever since my joining GSS in June 2005, the vessel "Adi Caginitoba" has had consistent repairs to her wooden structure to clear rotting of timber and badly managed repairs. It came down to a combined unofficial survey which includes representations from FIMSA (Capt. Fifita), GSS officials and tradesman from Marine Industrial Shipyard Limited.*

*The survey was required due to complaints from the crew (Labasa Crew) on their total reluctance and fear to serve onboard the vessel due to its unseaworthy conditions. This survey was carried out almost immediately after some major structural repair was just recently completed.*

*Hence it was resolved that the vessel was best kept for spare parts as maintenance and repairs would be continuously and costly. While the initial idea of putting the vessel back into service after being written off by the Fisheries Department was genuine and sound then, proper consultation for repairs with qualified wooden shipwright tradesman may have been amiss.*

*Hence the idea and the notification to the audit officers that the vessel was best suited for spare parts with the official documentation and procedures to follow suit.*

*The Labasa crew members will be given notice for transfer given the fact that immediate transfer will have social obligations affecting their family. They will be given three months notice to either accept transfer, arrange for housing and completely based at Suva port or resign from employment. Failure for them to meet these conditions will eventually lead to termination of their employment as the Department do not need out stationed based officers. This transfer will be in accordance to Crew Regulation.*

## **AUDIT FINDINGS – DEPARTMENT OF ROADS**

### **HEADQUARTERS**

#### **26.7 Anomalies in expatriate staff contract agreements**

Accounting Officers and all other Officers should at all times exercise proper economy in the expenditure of public funds and thereby ensure that proper value is obtained for all sum spent.<sup>8</sup>

Ministries/Departments are to introduce monitoring procedure to be endorsed by the expatriates when signing his contractual appointment. PSC should be informed at the end of each six months of work performances of all expatriates. All extension of contracts must be approved by PSC. Each Department/Ministry must seek approval for extensions of 3 months before the expiry of the contract. Full justifications must be submitted.<sup>9</sup>

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<sup>8</sup> Finance Instruction 18

<sup>9</sup> PSC Circular 23/2001 dated 22/08/01

Mr. Rajasekra Muhadiramge Christie Malraj Karunaratne (EDP 63707) and Mr. Sattambiralalage A Fernando (EDP 63814) of Sri Lanka signed a contract with CEO Works and Energy to work as Senior Road Engineer and Senior Road Maintenance Engineer respectively. Audit noted a number of discrepancies in payments made to these expatriates. Refer to the Table 26.6 below for details.

TABLE 26.6: ANOMALIES TO PAYMENT TO EXPATRIATES

Expatriate Name	Contract Details	Anomalies noted
RMCM Karunaratne	Valid from 16/01/03 to 16/01/06 Renewed on 11/09/06	Officer was working for the Department for 8 months without his contract being renewed and was paid manually for the 8 months. Contract wasn't discussed nor endorsed by PSC.  Contrary to PSC circular 23/2001, the officers performance was not evaluated before his contract was renewed.
	Entitled to gratuity of 25% of the total basic salary (\$39,448) upon completion of each period of 12 months of service.	Gratuity payment was supposed to be \$9872 but as per V# 4416, \$10,267 was paid. Audit verifications also revealed that the gratuity payment for the second year of service was due and payable on 16/01/08 but was paid 2 months earlier (i.e. on 01/11/07) by the Department upon the request of the officer. Officers request for gratuity was post dated 16/01/08 and which was breach of finance procedures.
	Entitles the officer, his wife and two children ,adult economy class passages by land, sea or air at the option of the Government between the officers home and station in Fiji.	Department paid \$23,676.50 for mid vacation airfares for the Officer and his 4 other family members (his wife and 3 children) to visit Sri Lanka on 08/07/07. Audit noted that an additional \$4735.30 was paid for one extra child not an entitlement under the contract.
	Entitlement of education allowance of \$5000 per child of between 18-27 years of age and educated in Fiji or abroad receiving full time instruction.	Officer claimed allowances in excess to \$7,350 for his daughter, Dumini Karunaratne, attending the Central Queensland University in Australia on payment dated 16/05/07 on cheque number 671440. Audit verifications noted that the contract did not state whether the payment of child allowances of \$5,000 per child should be fixed for the duration of the contract or for each year of the contract.
S.A Fernando	Valid from 16/01/03 to 16/01/06 Renewed on 08/09/06	Officer was working for the Department for 8 months without his contract being renewed .Contract wasn't discussed or endorsed by PSC. Contrary to PSC circular 23/2001, the officers performance was not evaluated before his contract was renewed.
	Entitles the officer, his wife and two children, adult economy class passages by land sea or air at the option of the Government between the officers home and station in Fiji.	Department paid \$23,724.00 for yearly vacation airfares for the Officer and his family members to visit Sri Lanka in December 2007. The Ministry of Finance initially approved \$17,520 being the airfare on LPO number 780558 but the Department incurred additional air passage cost of \$6,204 due to delay in payment. The Department did not seek the Ministry of Finance approval on this additional air passage cost
	Entitlement of education allowance of \$5000 per child of between 18-27 years of age and educated in Fiji or abroad receiving full time instruction	Officer claimed allowances in excess of \$10,000 for his son S. Damika Fernando attending a course in Australia. As per Cheque # 671658, education allowance of \$5,000 was paid on 06/06/07. On 12/11/07, another \$5,000 was paid as per V #:43970 for the same child. The contract did not state whether the payment of child allowances of \$5,000 per child should be fixed for the duration of the contract or for each year of the contract.

The failure to draw employment contracts in consultation with the PSC and negligence on the part of authorising officers has resulted in the misuse of taxpayers funds.

### **Recommendations**

- **The Department should consult the PSC in drawing employment agreements for expatriates.**
- **The Department should recover the excess airfares paid and the excess education allowance paid to the Officers.**
- **The Department should provide detailed explanations for the discrepancies.**

### **Department's Comments**

*We wish to apologise for the lack of consultation work done between the Ministry and PSC when the individual contract for the contract officers were drawn since the contracting arm of expatriate officers is controlled by PSC, the Ministry was of the view that queries raised in this paragraph should also be done by them. We however wish to confirm that in future we shall consult PSC on all contractual matters. As for the issues raised in bullets points 2 to 4 the Ministry will investigate the anomalies raised and we will advise you in due course*

## **26.8 Road Safety Management Workshop in Australia**

The nominated officers are also requested to submit a report within two weeks after their return from the course.<sup>10</sup>

Expenditure shall be classified and every vote shall be applied for the purpose for which it is approved.<sup>11</sup>

Audit noted that the Department spent \$19,185 solely on per diem, course fees and visa fees for the two Road Engineers, Mr. John Luveniyali and Mr. Monoa Vocea to attend the Road Safety Management Workshop in Victoria, Australia organised by Victoria Roads. Refer to Table 26.7 below for details of the workshop costs.

TABLE 26.7: ROAD SAFETY WORKSHOP COSTS (EXCLUDING AIRFARES AND ACCOMMODATION)

Date	Allocation	Purpose	Reference	Amount \$
02/11/07	1406039999108069930	Course Fees	Cheque No: 673486	9,269.26
15/11/07	1406039999108069930	Per Diem Allowance for 10 Days	Cheque No: 673614	9,700.00
01/11/07	1406039999108069930	Visa Application Fees	Cheque No: 673425	216.00
<b>Total</b>				<b>19,185.26</b>

Audit verifications revealed that the PSC approval to attend the conference was for 5 days from 19/11/2007 to 23/11/2007 but the Department paid allowance for 10 days from 16/11/2007 to 25/11/2007 amounting to \$9,700.

### **Recommendation**

**The overpaid per diem should be recovered from the two officers.**

<sup>10</sup> Memorandum from Permanent Secretary dated 31/10/07 and PSC Approval Dated 30/10/07

<sup>11</sup> Finance Instruction s21, p10.

**Department's Comments**

i.] *The Permanent Secretary had agreed to pay the per diem for 10 days [please refer to minute] instead of 5 days to allow the officers extra days to familiarize themselves with the geography of the place. If they had gone on a 5 day trip it would have become very strenuous on them. The availability of flights was also one of the other reason for the length of the stay. The management felt at the time that the result of the attendance would be immense.*

ii.] *This conference was very vital for staff of the Department of National Roads and thus funds were utilized from the Periodic Maintenance for Roads and Bridges Section – Capital Purchase vote since the Training vote was already exhausted.*

iii.] *Report is now submitted [attached], delay for the late submission is regretted. The management will ensure that this will not be repeated.*

**iv.] *Benefit of the Road Safety Workshop***

*With the issue of road accidents in Fiji becoming more and more important, this workshop was seen as a way of obtaining new ideas on how road accidents could be reduced. The state of Victoria, Australia is considered a leader in road safety and has seen a significant decrease in the number of fatal accidents since 1970. There has been a steady trend in the decrease of fatalities since 1970 to now. VicRoads which is a road authority in Victoria, is a key player in road safety and gave a number of very informative presentations. VicRoads also invited other stakeholders such as the Victorian Police, manufacturers of road safety equipment etc to make presentations.*

*The Department of National Roads saw this as an opportunity to expose its staff to new ideas on how road safety can be tackled. As the Department of National deals with road safety issues on the roads it looks after ideas obtained from this workshop can be put to use.*

*The Department of National Roads also is a member of the National Road Safety Council so ideas learnt at the workshop can also be put to use in initiatives taken by the Road Safety Council.*

*As there are a number of fatal accidents happening now in Fiji. Lessons learnt from this course has played an important role in trying to reduce the number of fatal accidents occurring on our roads.*

**26.9 ROMDAS conference in India**

Expenditure shall be classified and every vote shall be applied for the purpose for which it is approved.<sup>12</sup>

Audit noted that the Department spent \$18,464.72 alone in per diem, airfares and visa fees for the three Road Asset Management Technicians, Mr. John Pickering, Mr. Mesake Tamani and Mr. Samisoni Ulitu to attend the Road Measuring Data Acquisition System (ROMDAS) User Conference in New Delhi, India organised by Data Collection Ltd. Refer to Table 26.8 below for the details of the conference costs.

TABLE 26.8: 26.6.3 ROMDAS CONFERENCE COSTS

Date	Purpose	Cheque Number	Amount \$	Remarks
02/10/07	Payment of Airfare to Lodhias Travel and Air Fiji	672928-29	1,692.00	Outstanding amount of Airfare paid.
16/10/07	Reimbursement of air fare to John Pickering	673091	80.00	Use of FRUP allocation to accommodate this payment.

<sup>12</sup> Finance Instruction s21, p10.

Date	Purpose	Cheque Number	Amount \$	Remarks
27/09/07	For Visa fees and Airfare to Air Fiji	---	546.00	-
28/09/07	For Payment of Perdiem to Mesake Tamani	672891	1,860.00	This covers 6 days Perdiem as initially requested and approved by Department.
28/09/07	For Payment of Perdiem to John Pickering	672892	1,860.00	This covers 6 days Perdiem as initially requested and approved by Department.
28/09/07	For Payment of Perdiem to Samisoni Ulitu	672893	1,860.00	This covers 6 days Perdiem as initially requested and approved by Department.
28/09/07	Payment of Airfare to Lodhias Travel	672894	7,572.00	-
17/10/07	For Perdiem short-paid to the Officer	673113-115	2,994.72	This covers the extra 4 days Perdiem claimed after return from conference
Total			18,464.72	

Audit verifications revealed that the conference was for 2 days only from 4/10/2007 to 5/10/2007 but the Department paid per diem allowances for 10 days from 1/10/2007 to 10/10/2007 amounting to \$8,574.72. This is a case of extravagant expenditure as flights were available for officers to depart from India on 6/10/07.

Furthermore, audit could not sight a PSC approval for the three officers to attend the conference.

### **Recommendations**

- **A Public Service Commission's approval should be obtained for all overseas travel.**
- **The officers responsible for approving the travel and the payment of extra per diem allowances should be disciplined.**
- **The overpaid per diem should be recovered from the officers concerned.**

### **Department's Comments**

i.] *The Permanent Secretary had agreed to pay the per diem for 10 days instead of 5 days to allow the officers extra days to familiarize themselves with the geography of the place. If they had gone on a 5 day trip it would have become very strenuous on them. The management felt at the time that the result of the attendance would be immense.*

ii.] *PSC Approval*

*We are not able to locate this, however we believe that there should have been a PSC approval, because normally per diems are only processed once PSC approvals are received. However, the management has given necessary instructions to stake holders to see that all normal procedures are adhered to in future.*

iii.] *This conference was very vital for staff working in the Data Collection Techniques required for our national road network infrastructure assets that will enable us to analyze the data collected that will identify sections of road that requires rehabilitation and reconstruction together with its associated budget level. Funds were utilized from Periodic Maintenance for Roads and Bridges Section – Capital Purchase Section vote since the Training vote was already exhausted. You will have seen that they have had an immense effect in their output ever since they returned from the course.*

iv.] *Cost benefit.*

*It was an opportune time for DNR Technicians to gain knowledge on latest data collection equipment and experiences shared among other users and participants. It was also a valuable opportunity for the technicians to share their experiences and identify solutions with other participants to be able to upgrade their skills that will*

*enhance their data collection techniques. The event also enable Technician to attain the necessary range of skills to operate and run professional data collection operation that can deliver quality network data on a regular basis.*

*The knowledge attained from the conference has enabled the Technicians to maintain level of support and maintenance service required for the DNR Road Asset Management System and equipments to maintain its effectiveness and sustainability.*

## **26.10 Death Compensation Claim**

When the Permanent Secretary or Head of Department considers it necessary that a Medical Board be convened i.e. either under GO 710 c (ii) or GO 1007, or both, he/she shall immediately attend to the following:

- request the Permanent Secretary for Health (PSH) to convene a Medical Board on the officer;
- attach to that request, the medical report(s) medical certificates and sick leave details of the officer concerned and state how the sickness is adversely affecting the officer's attendance and/or performance;
- advise the officer concerned that he/she is to be medically boarded;
- require the officer to complete the appropriate medical Board form (Form M.B.1) and to submit the form fully completed the Permanent Secretary for Health.<sup>13</sup>

Audit noted that a contributing factor for the workers compensation entitlement for the death of Mr. Semi Radrudru, an unestablished employee at Nabouwalu Depot was due to the laxity and irresponsible behaviour of the Department of National Roads Human Resources section.

The employee suffered from a chronic medical illness and passed away in 2005 upon which an investigation report findings was submitted on 20/06/07. Based on the investigation report, the Ministry of Works gave its consent to the Ministry of Labour to effect payment of \$24,000.

The investigative team's finding revealed that a doctor's report dated 18/08/05 recommended that the officer should be permanently laid off work and highlighted the risk to his life if he continues working.

The doctor's report was hand delivered to the Administrative Officer, Mr. John Tifulagi at the Labasa office. It was not possible to determine the date the letter was received at the Depot. According to the findings, it took 3 weeks for the Department of National Roads Human Resources section in Labasa to submit the doctor's report and the request for the employee to be medically boarded to Head Office. The report also states that no follow up was made to Head Office as to the reasons for the delay in the processing of Mr. Radrudru's medical board.

Audit noted that the Head office indicated that it did not receive any memorandum which supposedly contained Mr. Radrudru's medical board form. It turns out, as confirmed by Mr. Kolosa Vocea (Clerk) in Labasa that the appropriate requisition form (Medical Board Form) was never filled by the employee.

Audit noted that no officer from the Department of National Roads Human Resources section has been held responsible for the compensation paid to Mr. Radrudru's beneficiaries.

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<sup>13</sup> Conditions and Rules of Employment for Government Unestablished Employees Section II Clause 16(e)

### **Recommendations**

- Any officer found medically unfit to carry on work should be medically boarded in compliance with GO 710 and 1007.
- The Department should take immediate steps to implement the recommendation of the investigation team which includes instituting disciplinary and surcharge actions against officers from the Human Resource section for failing to ensure that proper medical procedures were followed in Mr. Semi Radrudru's case.
- Adverse medical reports received by the department should be attended to immediately to avoid similar incidents.

### **Department Comments**

*The audit comments are noted and appropriate actions as recommended will be taken.*

## **DIVISIONAL ENGINEER ROADS CENTRAL EASTERN**

### **26.11 TMA profitability and operations – Nasinu Quarry & Starmix**

TMA's were initially formed to operate on semi commercial basis using a Revolving Fund Concept which is to adopt a cyclical nature of their cash flow into and out of the fund by providing goods and services and financing their known operations with income derived from sales to customers.<sup>14</sup>

The TMA's were created to provide goods and services that are needed by other government departments and 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.<sup>15</sup>

The major accounts maintained by the Department are as follows:

**Starmix** – responsible for the processing of raw materials [coal tar] for road works. Starmix is involved in processing products which are mainly used in road construction such as asphalt and bitumen. These products are mostly used by Ministry of Works.

**Quarry** – The main function of the Crusher is to crush hard stone into various sizes to be used by government Ministries/Departments such as Ministry of Works in construction works, for example roads.

Audit review of the TMA business plan for 2007 shows that cash flow forecasts for the year were anticipated to achieve profits of \$14,652 and \$405,684 in the Nasinu Starmix and Nasinu Quarry respectively. The Department failed to meet the set targets, showing poor performance of the TMA's.

An analysis of the profitability and performance of the Departments TMAs for the last five years is shown in the Table 26.9 below:

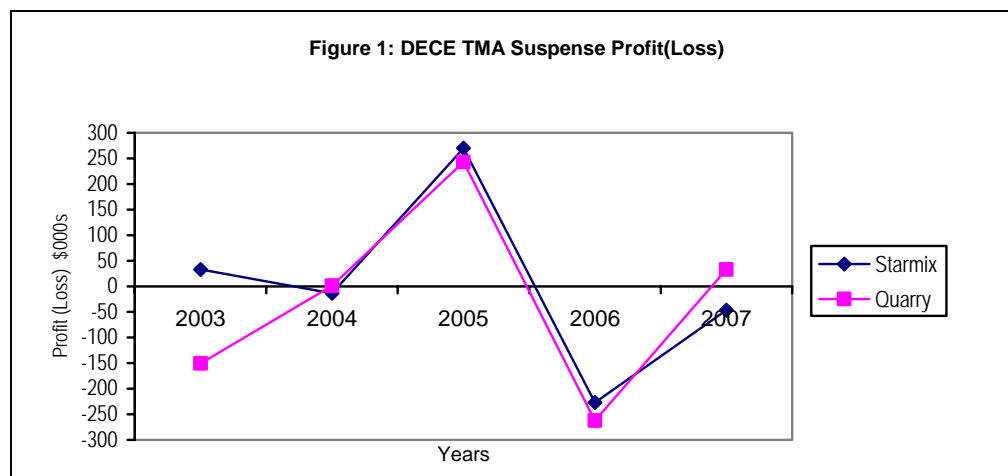
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<sup>14</sup> Finance Circular No. 15/2007 Dated 6<sup>th</sup> July 2007 – Section 1.2

<sup>15</sup> Finance Circular 37 of 26 November 1984.

TABLE 26.9: PROFITS AND LOSSES FOR DECE TMA ACCOUNTS (UN-AUDITED)

TMA	2003	2004	2005	2006	2007
Nasinu Starmix	32,888	(13,752)	270,280	(226,773)	(46,240)
Nasinu Quarry	(150,801)	984	242,774	(262,553)	32,764



The Nasinu Quarry made a profit in 2007 compared to a significant loss in 2006.

No action has been taken to analyse the performance of the TMA or to question the performance output of the Road Supervisors responsible for the operations of the TMA.

Audit further noted that the Department transferred operating funds to the TMA amounting to \$185,524 for the routine maintenance of the Quarry and Starmix without proper authority. The TMA are supposed to be self-funding and operate on a commercial basis. Refer to the Table 26.10 below for details.

26.10: INVESTMENT INTO THE TMA'S (UNAUDITED)

TMA	Allocation Transferred from Operating Fund \$
Nasinu Starmix	65,000
Nasinu Quarry	117,524
<b>Total</b>	<b>185,524</b>

The transfer from the Department into the TMA resulted in the Nasinu Quarry being able to record a profit in 2007. The Nasinu Quarry and Starmix would have continued to make losses in 2007 if the transfer of allocations from the operating fund account were not made.

Projected targets in the TMA's business plan will not be achieved if the department continue to rely on operating funds.

### **Recommendations**

- **The Department should carry out a comprehensive review of the TMAs in consultation with Ministry of Finance to ensure that the operations are viable.**

- The reasons for the significant losses incurred in the Nasinu Starmix should be investigated and appropriate measures put into place to reduce them.
- The Department should put in place some mechanisms through an effective business plan to help improve the performance of the Nasinu Quarry and Starmix.
- The Department should regularly liaise with the Asset Management Unit of the Ministry of Finance to strengthen the monitoring role of the Trading and Manufacturing Account (TMA).

### **Department's Comments**

*As recommended in 2.1, the Department agrees with the recommendations.*

*An increase of 5% in price has been sought. Should the operations not be viable, we will still continue to operate to ensure the price control measures are in place, i.e the market prices by the private contractors.*

*The significant loss incurred by Nasinu Quarry and Nasinu Starmix is attributed to the continuous breakdown of the crushers which are old, and due to the increase in the cost of raw materials. This should justify the need to purchase a new plant. There is a proposal to obtain external help for funds to rehabilitate the plants and an increase in prices. The "on cost" should be either removed altogether or a good portion of it to be given to Nasinu Quarry.*

*The recommendations have been noted and will be implemented.*

*The whole structures of the crusher are old. The plants are obsolete and require constant repair, therefore, we feel that the officers in charge should not be held responsible for the TMA's performance. It was always the departments intention to keep it running to regulate the prices.*

## **DIVISIONAL ENGINEER ROADS WESTERN**

### **26.12 Trading and Manufacturing Account (TMA)**

TMA's were initially formed to operate on semi commercial basis using a Revolving Fund Concept which is to adopt a cyclical nature of their cash flow into and out of the fund by providing goods and services and financing their known operations with income derived from sales to customers.<sup>16</sup>

The major accounts maintained by the Department are as follows:

**Starmix** – responsible for the processing of raw materials [coal tar] for road works. Starmix is involved in processing products which are mainly used in road construction such as asphalt and bitumen. These products are mostly used by Ministry of Works.

**Crusher** – The main function of the Crusher is to crush hard stone into various sizes to be used by government Ministries/Departments such as Ministry of Works in construction works, for example roads.

#### **26.12.1 Profitability and Investment in TMA Operations**

The government identified 3 categories of investment over the life of the TMA operation. They are<sup>17</sup>:

- Financial Ceilings

<sup>16</sup> Finance Circular No. 15/2007 Dated 6<sup>th</sup> July 2007 – Section 1.2

<sup>17</sup> Ministry of Finance TMA Training Manual Documents

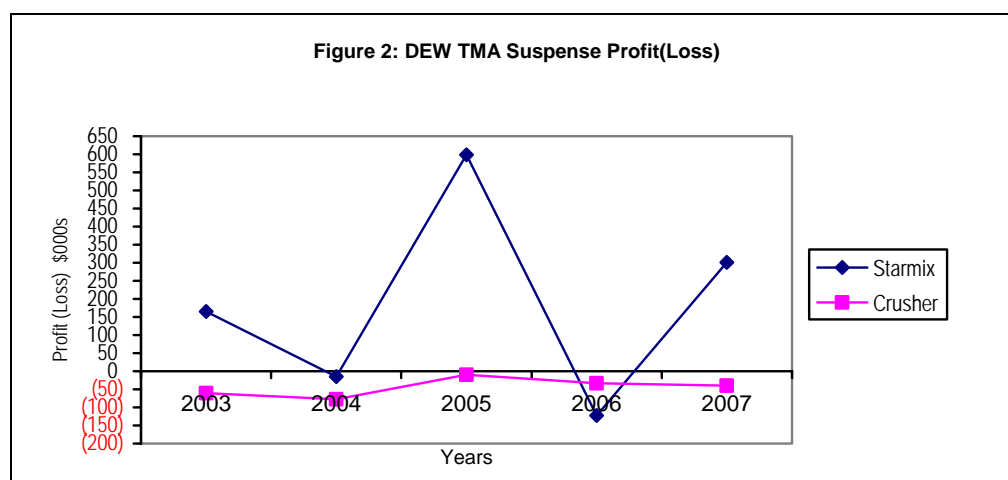
- Losses incurred by the TMA's
- Separate Bank Accounts.

The TMA's were created to provide goods and services that are needed by other government departments and 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.<sup>18</sup>

An analysis of the profitability and performance of the Departments TMAs for the last five years is shown in the Table 26.11 below:

TABLE 26.11: PROFITS AND LOSSES FOR DEW TMA ACCOUNTS (UN-AUDITED)

TMA	2003	2004	2005	2006 (excluding Previous Years Bal)	2006 (Cumulative Figure)	2007 (As at 2 <sup>nd</sup> Quarter)
Lomolomo Starmix	165,252	(14,938)	598,014.79	(122,336.78)	441,125.49	300,919.23
Lomolomo Crusher	(60,811)	(77,839)	(9,833.38)	(33,432.43)	(45,591.86)	(40,301.44)



The graph above illustrate that the Lomolomo Crusher continued to incur losses for the past five years. The Lomolomo Starmix on the other hand has been experiencing a fluctuating profit trend.

Audit noted that the total investment by the government into Lomolomo Crusher and Lomolomo Starmix to date is \$1,334,974. Refer to Table 26.12 below for details.

TABLE 26.12: INVESTMENT INTO THE TMA'S (UNAUDITED)

TMA	Financial Ceiling \$	Over-expenditure Outflow \$	Separate Bank Accounts \$	Total Investment \$
Lomolomo Starmix	120,000.00	170,369.38	---	290,369.38
Lomolomo Crusher	100,000.00	944,604.50	---	1,044,604.50
<b>Total</b>	<b>230,000.00</b>	<b>1,114,973.88</b>	<b>---</b>	<b>1,334,973.88</b>

It is seen that over the years, not much effort has been injected into the TMAs to address profitability and sustainability in the long term.

<sup>18</sup> Finance Circular 37 of 26 November 1984.

**Recommendations**

- The Department should carry out a comprehensive review of the agencies TMAs in consultation with Ministry of Finance to ensure that the operations are viable.
- The reasons for the significant losses incurred in the Lomolomo Crusher and Starmix should be investigated and appropriate measures put into place to reduce them.
- The Department should put in place mechanisms through a business plan that will help improve the performance of the Lomolomo Crusher and Starmix.
- The Department should regularly liaise with the Asset Management Unit of the Ministry of Finance the need to strengthen the monitoring role of the Trading and Manufacturing Account (TMA).

**Department's Comments**

*The Management is taking all measures to strengthen and improve the performance of the Lomolomo Crusher and Starmix. The Department is regularly liaising with the Asset management Unit of then Ministry of Finance.*

**26.12.2 Performance of Lomolomo Crusher**

Audit noted that the Lomolomo Crusher was not operational for 3 years, 2005, 2006 and 2007. Refer below for details of the months in which the Lomolomo Crusher failed to generate any sales revenue as a result of its non-operation.

TABLE 26.13: DETAILS OF THE PERFORMANCE OF LOMOLOMO CRUSHER

Year	No. Of Months In Operation	Lomolomo Crusher Non-Revenue Generation Months
2005	Nil	No Income was generated during the year because Crusher was not in operation for 12 months from January to December
2006	2	January to February and from April to September and from November to December, no Income was generated as Crusher was not operational. The Crusher operated in March and October only.
2007	Nil	No Income was generated during the year because Crusher was not in operation from January to November.

Discussions with the Road Supervisor at Lomolomo Depot revealed that the Crusher was not operating due to breakdown of the primary crusher jaw. The breakdown of the Crusher has caused major hindrance on the ongoing patching and resealing works in the Western Division roads. Audit was informed that the Ministry of Finance is yet to approve the purchase of two bearings for primary crusher jaw required for Lomolomo Crusher amounting to \$14,963.

Audit verifications revealed that labour cost and plant hire charges dominated the expenses of the Lomolomo Crusher even though the Crusher broke down and no output was generated for the months highlighted in the table above.

Audit findings indicate that the ability of the Crusher to operate profitability is uncertain.

**Recommendations**

- The Department should ensure that labourers are not left idle but should be engaged in other work. Other work should be charged to other funds and not the TMA.

- **Consultations should be carried out with the Ministry of Finance on getting prompt approval for the equipment required to fully operate the Lomolomo Crusher.**
- **The Department should carry out a comprehensive review of the Lomolomo and TMAs in consultation with Ministry of Finance to ensure that the operations are viable. This should include reviewing the selling price and appropriate mark-up.**
- **The reasons for the significant losses incurred in the Lomolomo Crusher and Starmix should be investigated and appropriate measures put into place.**
- **The Department should justify the plant hire and labour costs when the Crusher TMA was not operating or generating any revenue.**

#### **Department's Comments**

*When the Crusher is not in operation workmen are engaged in Routine maintenance activities and are also paid from it. A submission has been forwarded to Ministry of Finance for approval of the revised rates.*

### **26.13 Stolen Premix from Fuel Room**

Losses may occur as a result due to uncontrollable circumstances or ineffective internal control. The loss report should outline the nature of the loss, circumstances leading to it and the recovery measures taken.<sup>19</sup>

Audit noted that two 20 litre gallons of premix fuel was drained out from the gallon kept near the locked door of the fuel and oil room at Tavua Depot on 7/09/07. No police report was prepared for this incident and no officer has been surcharged/disciplined as at the date of audit (6/11/07).

#### **Recommendations**

- **The Department should carry out an investigation as to how such an incident happened.**
- **The Department should provide explanations why a Police report or a loss report has yet to be prepared.**
- **The Department should ensure appropriate measures are in place to prevent such incidence happening.**

#### **Department's Comments**

*An investigation regarding fuel theft at Tavua Roads stores was done immediately and recommendations for surcharge actions against the officers concerned had been undertaken.  
The stores in Tavua will be renovated to improve its security.*

### **26.14 Contractor in Default**

The Employer may terminate the Contract if the Contractor causes a breach of Contract on the following:

- failure of the Contractor to commence works by the date stipulated in the Contract;
- where the Contractor consistently refuses to commence the works ordered within one week as provided in the contract;

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<sup>19</sup> Finance Manual Part 14 (page 89)

- where the contractor consistently refuses to execute the works in accordance with the details of the contract technical specifications, drawings and schedules.

If the contractor does not carry out the work within a week of the due date, the Engineer will execute the works utilizing other means. Any additional costs incurred due to the above will be charged to the contractor.<sup>20</sup>

Audit noted that the Routine Maintenance Grading works for the Nadroga – Nadi area was awarded to National Bulldozing & Transport Co. Ltd for the sum of \$1,017,030 from 2006 to 2008. The company failed to carry out the work in the first cycle of 2006 and also did not carry out any work in the Nadi Depot area to date. The Road Supervisor Nadi and Nadroga confirmed that various LPO's were raised in November 2006 till September 2007 to upgrade the Sigatoka Valley Road, Kavanagasau Road and Lomawai Road but there was no response to these. Hence the Road Supervisor had to seek assistance from the Road Engineer for available graders to carry out the maintenance works. This has meant that graders allocated to other projects had to be used to complete urgent works on Nadi and Nadroga Roads.

Refer to **Appendix 26.1** for the details of cancelled LPO's to National Bulldozing and Transport Company Limited as a result of the contractor not able to supply the machinery required for grading works at various job sites requiring urgent road works.

The Auditor Generals Report 2006 highlighted a similar concern and that this contract be terminated and the contractor be penalised for non-performance. The Department had terminated the contract with National Bulldozing and Transport Company but there was no penalty imposed for non-performance.

The above reflects on the failure of the Divisional Road Engineer in ensuring that the penalty is imposed on contractors who breach the stipulated contract conditions agreement.

### **Recommendations**

**The Ministry should review its contractual agreements periodically and take appropriate actions when necessary.**

### **Department's Comments**

*The grading contract in the western division is a new type of road maintenance works contract that's administered by the Director of Roads( Employer) and the Divisional Road Engineer Western (Engineer).The contract is also new to the contractors undertaking it. The objective was to introduce this output based contract and compare its performance with the existing hourly rate contract. Unfortunately the contractor in this case has not performed and the Engineer has recommended that the contract be terminated. Note that all unattended grading works had been done through the hourly rate contract and as such it has not really not affected our maintenance programme. Submission has been made the employer who will execute the relevant penalty provision in the contract if deemed necessary.*

## **26.15 Overtime for Unofficial Purpose**

Overtime should only be worked once approval is secured from the Chief Executive Officer. Overtime approval should be considered if overtime request confirms that the work in question is of importance and very urgent in nature, which requires immediate attention.<sup>21</sup>

<sup>20</sup> Contract No:WSC02/06/1 Routine Maintenance Grading Western 1 Clause 4.12

<sup>21</sup> PSC Circular No.11/04 dated 31/03/04

Scrutiny of the Overtime Authority form reveals that workers are being paid for unofficial purposes. There was a farewell party for Mr Ram Krishna, the former Divisional Engineer, on 27<sup>th</sup> September 2007 and the following unestablished staffs were paid overtime for attending a party. For Ra Depot the overtime authority relating to the party was endorsed by the Roads Engineer, Mr. Munsami Naidu on 04/10/07.

TABLE 26.14: OVERTIME CLAIMS MADE FOR ATTENDING FAREWELL PARTY OF RAM KRISHNA

Depot	FNPF Number	Name	Comments
Waiyavi	DB 857	Kasiano Waga	Timecard manually filled to state work done till 7pm. Paid for 11 hours.
	JF 767	Emosi Tawai	Timecard manually filled to state work done till 7.30pm. Paid for 9 hours and 2 meal allowance
	QP 592	Kasiano Waga Jnr.	Timecard manually filled to state work done till 7pm. Paid for 9 hours and 2 meal allowance
	FZ 817	Kameli R	Timecard manually filled to state work done till 7.30pm. Paid for 9 hours and 2 meal allowance
Ra Depot	NB 894	Aporosa B	Paid for 3 hours (5pm to 8pm) and one meal allowance
	FK 216	Timoci Q	Paid for 3 hours (5pm to 8pm) and one meal allowance
	LJ 128	Kasami	Paid for 3 hours (5pm to 8pm) and one meal allowance
	GC 156	Bale . T	Paid for 3 hours (5pm to 8pm) and one meal allowance
	GD 949	Eremasi	Paid for 3 hours (5pm to 8pm) and one meal allowance

As confirmed by the Pay Clerk at Lautoka Office, the Ra, Waiyavi, Nadroga, Lomolomo and Tavua Depots do not normally send their overtime requisitions/approvals when they submit their overtime authority forms.

Furthermore, audit noted that overtime record keeping at Ra Depot is very poor. An overtime requisition file is kept by the Depot but it was noted that only few overtime requisitions are filed compared to the overtime authority records which shows that a lot of overtime work is being done.

### **Recommendations**

- **Recovery should be made from the employees who were paid overtime claims for attending the farewell party.**
- **Disciplinary/Surcharge actions must be taken against the responsible officer(s) for approval of overtime payments made to attend the party.**
- **No payments for overtime should be made until the overtime authority has been signed by the Roads Engineer.**
- **Time clerk should ensure that all overtime requisitions are filed once approved.**
- **The pay clerks should demand that all Depots send both their overtime requisitions and overtime authority forms to be endorsed by the Divisional Engineer**
- **The Divisional Engineer should scrutinise the overtime authority forms to see if they tie up with the overtime requisitions before he endorses them for payment**

### **Department's Comment**

*Recommendations are noted, appropriate remedial action will be taken. All overtime payments made as stated will be recovered.*

## **26.16 Vehicle Accident**

When a government vehicle is involved in an accident, the officer in charge of the vehicle will complete and submit a Vehicle Accident Report form in quadruplicate to his/her Head of Department unless authorised otherwise, who will within 21 days of the accident forward two copies of the report to the Solicitor General and one copy to the Ministry of Finance.<sup>22</sup>

When there is damage to or loss of government vehicles, the surcharge should be 100% recovery of the full cost of repairs or replacement.<sup>23</sup>

Every vehicle must carry a pad of GP Form 75 (Running Sheet) and it is the driver's duty to fill it with every detail for every particular run.<sup>24</sup>

Drivers must know that the official vehicles must be for government purposes only. Detours or journeys for private purpose including transport of family members, school children, etc, are prohibited. Cases of unauthorised use of government vehicles, or non compliance with these instructions, shall be treated as disciplinary offences. Furthermore, officers found using official vehicles for unauthorised purposes are liable to pay private hire rates, be surcharged, and/or disciplined, depending upon the circumstances in which the vehicle was used.<sup>25</sup>

Audit noted that the Ba Road Supervisor, Aisea Liwaiono ((EDP Number 60911) drove the government vehicle registration number GK817 by himself for unofficial purposes on 11/01/2007 without and formal instruction/authority and caused an accident resulting in the Mechanical Section of Plant Pool doing repairs worth of \$2,705.

Audit scrutiny also revealed that the driver was carrying his wife as a passenger in the vehicle when the accident happened and the driver failed to immediately inform the Plant Pool about the accident. The accident was reported the following day by the Ba Depot mechanic.

Every government vehicle must have a proper instruction before leaving any depot or yard. In this case, Mr. Liwaiono drove GK817 out from Ba Roads Depot without instruction. The last instruction for this vehicle was issued to Jobe V starting from 7.00am to 5.00pm. The time of accident is 8.00pm and scrutiny of the instruction book reveals that no instruction was issued to GK817.

Audit also noted that Mr. Liwaiono's authority to drive was valid until 31/12/06. At the time of this accident at Koronubu, his authority was invalid and Plant Pool received his application for the renewal of his authority on 17/01/07.

### **Recommendations**

- **The Road Supervisor should be fined for breaking the transport rules and regulation and driving without authority.**

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<sup>22</sup> Transport Rules and Instructions 18

<sup>23</sup> Finance Instructions 2005 – Section 75

<sup>24</sup> Transport Rules and Regulations Clause 13 (1)

<sup>25</sup> Transport Rules and Instructions 14

- **The Divisional Engineer must provide explanation for failing to take the necessary disciplinary actions on this very serious offence considering that it is almost 11 months from the date of the accident.**

### **Department's Comments**

*The Department had carried out its investigation and has recommended that the officer be surcharged the amount of \$300.0 as he was not at fault in the accident. His authority to drive has also been withdrawn. The investigation was carried immediately after the accident.*

## **AUDIT FINDINGS – DEPARTMENT OF WORKS AND MECHANICAL**

### **CHIEF ENGINEER MECHANICAL SECTION**

#### **26.17 Trading and Manufacturing account**

##### **26.17.1 Overall Financial Performance of CEME TMA**

The TMAs were created to facilitate on a semi-commercial basis the provision of goods and services that are needed to 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.<sup>26</sup>

The major accounts maintained by the Division are as follows:

- 1. Plant Hire** – the Plant Pool of the Mechanical section maintains all government vehicles that are hired by the various sections of the Ministry.
- 2. Fuel and Oil** – fuel depots are maintained at various divisions of the Ministry to supply fuel and oil to all government department vehicles at a cheaper rate compared to the commercial bowzers.
- 3. Workshop Wages** – the workshop is responsible for all repair works carried out to the Ministry's vehicles. The section of the Ministry that hired the vehicle meets the repair costs incurred.

Audit scrutiny of the financial performance of the TMAs within the Central Eastern Division revealed huge losses in their operation for the year 2007. Table 26.15 below provides the three quarter analysis of all the financial results of the TMA operating under CEME.

TABLE 26.15: NET PROFIT/LOSSES FOR THE YEAR

Quarter	Profit/Loss (\$)
1 <sup>st</sup>	159,782.79
2 <sup>nd</sup>	(539,626.00)
3 <sup>rd</sup>	(131,790.00)

Audit noted that the surplus funds from the Fuel and Oil TMA was used to finance the deficits or operation on other TMAs such as Plant Hire and Workshop Wages.

<sup>26</sup> Finance Circular 37 of 26 November 1984.

**Recommendation**

**The Ministry should carry out a comprehensive review of its TMAs in consultation with Ministry of Finance to explore ways how the operations of the TMAs can be made more viable.**

**Department's Comments**

*The Audit recommendations are noted and management will liaise with Ministry of Finance to conduct a review of the operations of TMA and its viability.*

*The viability of the TMA was considered when drawing up the corporate and business plan, however circumstances beyond our control was the contributing factor in incurring losses.*

*Management will consider other options apart from closing unprofitable TMA which will be the last resort.*

**26.18 Plant Hire TMA**

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 showed the following concerns.

**26.18.1 Replaceable Government Vehicle**

Ministries and Department Vehicle should be replaced after six years or after it has covered 200,000 km, whichever is earlier.<sup>27</sup>

Audit investigation revealed that Government Vehicle exceeding 200,000km were still in operation and have not been replaced as required under the government vehicle policy. Refer to **Appendix 26.2** for details. In addition, it was noted that these vehicles had been operating for more than 6 years.

**26.18.2 "Idle" Plants and Vehicles incurring Oil, Fuel and Maintenance Costs**

Audit investigation revealed that a few plants and vehicles which were idle and not operating were still incurring cost such as, oil, fuel, and maintenance costs. Refer to Tables below for details.

TABLE 26.16: IDLE PLANTS INCURRING COSTS

REG NO.	Type of Plant	Age	3 <sup>rd</sup> Qtr Total Hrs (Acc) 2007	State	Cost of Fuel & Oil \$	Cost of Mtce. 2007 \$	Profit / (Loss) 2007 \$	Purchase Price \$	Total Mtce. Cost (Acc) 2007 \$
GL 718	Cat D7	30	130,910	Very Poor	229.23		(229.23)	11,000.00	160,681.00
GK907	Komatsu D6	19	10,628	Fair		2,162.00	(2,162.00)	118,379.60	148,069.00
GJ 351	M.F Loader	18	8,451	Very Poor	6.00		(6.00)	36,105.89	21,807.00
GK202	Clark Loader	23	24,049	Fair	32.72		(32.72)	45,845.00	120,599.00
GL994	TCM Loader	14	17,968	Fair	585.00		(585.00)	232,531.52	157,378.00

<sup>27</sup> Government Vehicle Policy, Cabinet Paper CP (98) 73, section 82 (k)

GJ543	1H1 K250 Crane	26	18,074	Fair	282.00	216.00	(498.00)	154,131.00	273,852.00
GJ535	Dynapac Roller	26	22,219	Fair		6.00	(6.00)	40,720.00	69,362.00
<b>Total</b>					<b>1,134.95</b>	<b>2,384.00</b>	<b>3,518.95</b>		

TABLE 26.17: IDLE VEHICLES INCURRING COST

REG NO.	Type of Vehicle	Age	Total Mileage (ACC) (Km) 2007	State	Cost of Fuel & Oil \$	Cost of Maintenance \$	Profit & (Loss) 2007	Purchase Price \$	Total Mtce Cost (Acc) \$
GI 379	Toyota Liteace	14	205550	Poor	0.00	6.00	(6.00)	15,665.00	18,773.00
GK813	Mitsubish Pajero	19	6255621	Poor	0.00	6.00	(6.00)	19,053.00	36,948.00
GL 518	Nissan Twin Cab	17	314,407	Poor	6.00	0.00	(6.00)	F.M.F Veh	15,433.00
GL 444	Mitsubishi L200 M/Bus	17	49844	Poor	6.00	0.00	(6.00)	17,871.00	22,817.00
GL 684	Daihatsu F/Top	19	58914	Poor	0.00	12.00	(12.00)	12,079.14	3,825.00
GL 715	Daihatsu T/Cab	19	498,023	Poor	0.00	6.00	(6.00)	18,687.62	78,674.00
GM 051	Isuzu Hoist Truck	12	244190	Fair	0.00	12.00	(12.00)	97,573.59	33,747.00
GM 241	Isuzu Tip Truck	12	239684	Fair	0.00	733.00	(733.00)	73275.90	54,933.00
GM 222	Mitsubishi T/Truck	12	250283	Poor	6.00	3,883.00	(3,889.00)	94,518.06	47,542.00
<b>Total</b>					<b>18.00</b>	<b>4,658.00</b>	<b>4,676.00</b>		

The above finding shows uneconomical expenditures and also increases the possibility of malpractices or fraudulent activities given the manner in which costs were incurred despite the plants and vehicle being idle.

### 26.18.3 Government Vehicle and Plants Generating Losses

Audit analysis of Vehicle and Plant maintenance and operating cost disclosed that some vehicles and plants were constantly generating losses while some incurred excessive maintenance and operation cost. Refer below for details.

TABLE 26.18: PLANTS THAT INCUR LOSS FOR THE 3RD QUARTER

REG NO.	Type of Plant	Age	3rd Qtr Total Hrs (Acc) 2007	3rd Qtr (Km) 2007	State	Cost of Fuel & Oil 2007 \$	Cost of Mtce 2007 \$	Profit/(Loss) 2007 \$	Purchase Price \$	Total Mtce Cost (Acc) 2007 \$
GL 718	Cat D7	30	130910		Very Poor	229.23		(229.23)	11,000.00	160,681.00
GK907	Komatsu D6	19	10628		Fair		2,162	(2,162.00)	118,379.60	148,069.00
GJ 351	M.F Loader	18	8451		Very Poor	6.00		(6.00)	36,105.89	21,807.00
GK202	Clark Loader	23	24049		Fair	32.72		(32.72)	45,845.00	120,599.00
GL994	TCM Loader	14	17968		Fair	585.00		(585.00)	232,531.52	157,378.00
GL641	Champion Grader	16	12773	9	Fair	203.38	1,352	(1,374.34)	120,176.00	193,932.00
GM 859	Cat Grader	5	3615	157	Fair	4,897.14	732	(379.04)	115,000.00	54,838.00

REG NO.	Type of Plant	Age	3 <sup>rd</sup> Qtr Total Hrs (Acc) 2007	3 <sup>rd</sup> Qtr (Km) 2007	State	Cost of Fuel & Oil 2007 \$	Cost of Mtce 2007 \$	Profit/(Loss) 2007 \$	Purchase Price \$	Total Mtce Cost (Acc) 2007 \$
GM864	Cat Grader	5	3488	25	Fair	892.80	240	(408.65)	115,000.00	23,986.00
GN014	Cat Grader	4	4912	128	Fair	4,128.92	2,184	(\$691.36)	128,000.00	45,873.00
GN030	Cat Grader	4	3102	10	Fair	1,051.77	2,068	(2,757.69)	128,000.00	30,468.00
GK890	Ford Tractor	19	9762	20	Fair	148.46	424	(424.03)	21,365.00	24,724.00
GM027	JCB BackHoe	13	16291	7	Fair	224.38	744	(772.76)	68,098.00	72,300.00
GJ543	1H1 K250 Crane	26	18074		Fair	282.00	216	(498.00)	154,131.00	273,852.00
GJ535	Dynapac Roller	26	22219		Fair		6	(6.00)	40,720.00	69,362.00
<b>Total</b>						<b>12,681.80</b>	<b>10,128</b>	<b>(10,326.82)</b>		

TABLE 26.19: VEHICLE THAT INCUR LOSS FOR THE 3RD QUARTER

REG NO.	Type of Vehicle	Age	Total Mileage (ACC) (Km) 2007	State	Cost of Fuel & Oil	Cost of Mtce 2007	Profit & (Loss) 2007	Purchase Price	Total Mtce Cost (Acc)
GI 379	Toyota Liteace	14	205550	Poor	---	(6)	(6.00)	15,665.00	18,773
GK813	Mitsubishi Pajero	19	6255621	Poor	---	(6)	(6.00)	19,053.00	36,948
GL 518	Nissan Twin Cab	17	314,407	Poor	6.00	---	(6.00)	F.M.F Veh	15,433
GL 444	Mitsubishi L200 M/Bus	17	49844	Poor	6.00	---	(6.00)	17,871.00	22,817
GL 684	Daihatsu F/Top	19	58914	Poor	---	12	(12.00)	12,079.14	3,825
GL 917	Toyota Corona	14	234,281	Fair	130.72	276	(23.77)	22,632.00	39,235
GL 715	Daihatsu T/Cab	19	498,023	Poor	---	6	(6.00)	18,687.62	78,674
GL 176	Nissan Tip Truck	18	342963	Poor	---	6	(6.00)	58,528.00	93,119
GM 241	Isuzu Tip Truck	12	239684	Fair	---	733	(733.00)	73,275.90	54,933
GM 222	Mitsubishi T/Truck	12	250283	Poor	6.00	3,883	(3,889.00)	94,518.06	47,542
GK 846	Hino Service Truck	19	202390	Poor	283.52	241	(276.56)	106,215.53	50,398
GM 051	Isuzu Hoist Truck	12	244190	Fair	---	12	(12.00)	97,573.59	33,747
GM 388	Mitsubishi Pajero	10	171,666	Good	1,130.73	4,640.88	(3,154.90)	79,860.00	4,640
GM 871	Mitsubishi Pajero	5	185,355	Good	1,943.19	1,000	(675.21)	Project Vh	15,286
GN 046	Mitsubishi Pajero	4	126,140	Good	1,062.30	3,537	(1,319.45)	72,500	20,899
<b>Total</b>							<b>(10,125.89)</b>		

Audit further noted that the maintenance and operation cost for some of the vehicles shown in the table above had exceeded the vehicles initial purchase price.

#### 26.18.4 “Idle” Vehicles and Plants

“Idle” vehicle and plants are those vehicles and plants that are not in operation and which are not generating any income. Hence for idle vehicles and plants, no other cost should be incurred towards it.

Audit of the 3<sup>rd</sup> Quarter report revealed that majority of plants and vehicles were idle for the 3<sup>rd</sup> Quarter. Refer to *Appendix 26.3* and *Appendix 26.4* respectively for details.

Overall, the above findings show the unproductive and inefficient management of government's vehicle resources by the Plant Pool to ensure maximum return to government.

### **Recommendation**

- The Ministry should review the road worthy conditions of vehicles that failed to meet the requirements of the government vehicle policy.
- The Ministry should continue to propose to the Ministry of Finance to re-evaluate the plants and vehicles hire rates.
- Proper planning and supervision should be carried out to ensure that funds are spent economically on government plants and vehicle.
- An internal investigation should be carried out on why fuel and oil costs were still incurred despite the vehicle and plant being idle or not operating.
- All vehicles and plants that are uneconomical should be written off and removed from the Plant Pool Garage.

### **Department's Comments**

*The Audit recommendations are noted and management will ensure compliance.*

## **26.19 Overspending – Electrical**

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.<sup>28</sup>

The Electrical Services has been providing services towards the expansion, maintenance and operation of all Government buildings and power stations.

Audit noted that some of the electrical and maintenance works were overspent in the Central Eastern Division. Refer details of electrical work which were overspent in 2007.

TABLE 26.20: ELECTRICAL UNIT OVER EXPENDITURES - 2007

Works Type	Job No.	Description	Total Allocation \$	Total Commitment \$	Balance \$	% Completion
IDC	44025191011840401161057	Sila Central High School	8,000	10,283	(2,283)	100
	44025191011840401161032	Sila Central High School	15,000	16,787	(1,787)	100
	1405029521402010111018	Adi Cakobau School	35,000	37,527	(2,541)	100
	14050229521208042211010	Adi Cakobau School	7,000	7,300	(300)	100
	44025191011840401161043	Fiji College of Advance Education – Bldg 57	3,000	3,791	(791)	100

<sup>28</sup> Finance Instruction 18

Works Type	Job No.	Description	Total Allocation \$	Total Commitment \$	Balance \$	% Completion
	44025191011840401161044	Fiji College of Advance Education -Bldg 5	500	658	(158)	100
	44025191011840401161040	Fiji College of Advance Education -Bldg 2	3,000	3164	(164)	100
	44025191011840401161041	Fiji College of Advance Education -Bldg 3	96,500	96,540	(40)	100
	44025191011840401161119	CWMH – Lau Ward	19,500	20,774	(1,274)	100
Group	1405029521408022911006	10 H – Veiuto	15,000	15,381	(381)	100
Maintenance	441025191011840401161030	10 H – Veiuto	6,344	8,294	(1,950)	100
	44025191011840401161029	10 H – Veiuto	1,000	1,406	(406)	100
	1405029521408022911005	Koronivia Group 5	8,000	84,912	(4,912)	100
Total					(16,987)	

The above findings show poor financial management by the division's management and failure to adhere to the requirements of the Finance Instruction.

### **Recommendation**

**The Ministry should ensure proper planning of electrical unit maintenance program to avoid over expenditures.**

### **Department's Comments**

*The Audit's recommendation is noted and management will urgently formulate plans to address this issue.*

## **DIVISIONAL ENGINEER WESTERN**

### **26.20 Plant Hire**

#### **26.20.1 Uneconomical Plants and Vehicles**

“Uneconomical” plants and vehicles are those that are no longer in a state where it should be running. Hence for uneconomical plants and vehicles, no other costs should be incurred towards it. Proper planning and supervision should be carried out to ensure that these vehicles are properly maintained and ready to be boarded.<sup>29</sup>

An analysis carried out on the fleet of plants and vehicles at the Divisional Engineer Western revealed the following concerns.

- Of the 157 vehicles and 83 plants maintained and operated by the Division, a total of 47 vehicles (30%) and 53 plants (64%) were in an uneconomical condition as at 30 June 2007.<sup>30</sup>
- The uneconomical plants and vehicles recorded oil, fuel, and maintenance costs despite recording zero hours of operation as at the 2<sup>nd</sup> quarter of 2007. Refer details provided.

<sup>29</sup> Board of survey – Process whereby all status of government stores and inventories are counted and /checked. Recommendations are made during the board of survey where all uneconomical items are recommended to be written off.

<sup>30</sup> PWD Uneconomical Vehicle & Plant Report, 30 June 2007.

TABLE 26.21: COSTS INCURRED ON PLANTS THAT WERE UNECONOMICAL AS AT THE 2ND QUARTER OF 2007

Type of Plant	Registration Number	Station	Age	Total Hours at end of 2nd Quarter (Hrs)	Certificate of Road Worthiness No./Date	Status	Cost of Fuel/Oil \$	Cost of Maintenance \$
Ford Tractor Loader	GL438	Plant Pool	15	0.00	21/3/90	Uneconomical	0.00	5.00
Ford Tractor Loader	GL439	Plant Pool	15	0.00	8/3/90	Uneconomical	0.00	5.00
Loader Cat	GJ523	Workshop	24	0.00	4/9/81	Uneconomical	0.00	5.00
Loader TCM	GK699	Workshop	17	0.00	26/4/88	Uneconomical	0.00	58.00
Loader JCB	GK209	Auction	21	0.00	5/2/84	Uneconomical	0.00	15.00
Loader JCB	GK835	Workshop	17	0.00	31/8/88	Uneconomical	0.00	10.00
Roller Bomag	GK711	Workshop	17	0.00	10/6/88	Uneconomical	0.00	10.00
Bomag Roller	GM035	Workshop	10	0.00	20/1/94	Uneconomical	0.00	126.00
Self Propelled Vib Roller	GL604	Nadi Roads	23	0.00	22/8/91	Uneconomical	0.00	15.00
Road Grader	GK483	Workshop	20	23.00	13/4/02	Uneconomical	588.55	2,694.00

TABLE 26.22: COSTS INCURRED ON VEHICLES THAT WERE UNECONOMICAL AS AT THE 2ND QUARTER OF 2007

Registration	Type of Vehicle	Station	Age	Total Mileage	Certificate of Road	Condition	Cost of Fuel & Oil	Cost of Maintenance \$
GK816	Mitsubishi Pajero S/Wagon	Workshop	18	Defective	Expired	Uneconomical	0.00	30.00
GK803	Toyota LN65 4x4 Utility	Ba W/Supply	18	Defective	Expired	Uneconomical	0.00	128.78
GK430	Mitsubishi Canter F/Top	Plant Pool	19	Defective	Expired	Uneconomical	0.00	30.00
GI771	Hino LB H/Crane F/Top	Plant Pool	25	Defective	Expired	Uneconomical	0.00	113.82
GL167	Nissan CKB31 EDN Tipper	Sigatoka Roads	16	Defective	Expired	Uneconomical	0.00	5.00
GL168	Nissan CKB31 EDN Tipper	Lomolomo	16	Defective	Expired	Uneconomical	1,504.42	2,057.62
GJ627	Hino Field Service Truck	Workshop	21	Defective	Expired	Uneconomical	0.00	10.00

Audit further noted that of the 110 vehicles that were currently operational, 56 or 51% had defective mileage meters.

### 26.20.2 Expired certificate of road worthiness

Each year, every vehicle is tested for road worthiness and issued certificate of road worthiness.

As at 30<sup>th</sup> June 2007, audit noted that 48 (44%) of the 110 vehicles that were fully operational at the Division were operating with an expired certificate of road worthiness.

### **26.20.3 Vehicles under Repair but incurring High costs of Fuel and Oil**

A vehicle “under repair” means that the vehicles and plants being garaged and repaired. Hence, the maintenance cost should be increasing to show that the vehicles and plants were being repaired.

Audit noted that a few plants and vehicles that were being garaged, incurred high oil and fuel costs in comparison to maintenance costs. Refer details provided.

TABLE 26.23: PLANTS UNDER REPAIR BUT INCURRING HIGH FUEL AND OIL COSTS

Registration Number	Type of Plant	Station	Age	Total Hours at end of Quarter (hrs)	Certificate of Road Worthiness No./Date	Status	Cost of Fuel/Oil \$	Cost of Maintenance \$
GM021	JCB Backhoe	Workshop	10	0.00	07/02/94	Under Repair	6,000.37	29.59
GI013	Roller Dynapac	Lomolomo	26	0.00	15/01/79	Under Repair	2,125.14	226.70
GM040	Bomag Vibrating Roller	Workshop	11	323.50	01/02/94	Under Repair	3,562.91	193.00

TABLE 26.24: VEHICLES UNDER REPAIR BUT INCURRING HIGH FUEL AND OIL COSTS

Registration	Type of Vehicle	Station	Age	Total Mileage	Road Certificate	Status	Cost of Fuel & Oil (\$)	Cost of Mtce. (\$)
GL229	Mitsubishi Pajero S/Wagon	Workshop	18	Defective	Expired	Under Repair	305.81	318.94
GL249	Mitsubishi Pajero S/Wagon	Lautoka Roads	5	Defective	Expired	Under Repair	527.88	328.49
GK152	Mazda 1600B Utility	Water Rates	21	Defective	Expired	Under Repair	401.68	279.50
GL988	Toyota Hilux Utility Twin Cab	Workshop	12	Defective	Expired	Under Repair	586.76	767.69
GL989	Toyota Hilux Utility Twin Cab	Workshop	12	Defective	Expired	Under Repair	90.74	0.00
GJ919	Daihatsu V20 F/Top	Lautoka W/Supply	122	Defective	Expired	Under Repair	783.88	117.75
GK826	Hino FS Tipper	Plant Pool	17	Defective	Expired	Under Repair	286.23	15.00

The high fuel cost as shown in the tables above could indicate that such vehicles were being used for unauthorised purposes while being garaged. Furthermore, the possibility of malpractices would not be ruled out given that the plants and vehicles were under repair and not operational.

### **Recommendations**

- **Proper planning and supervision should be made to ensure that funds are not unnecessarily spent on vehicles and plants that are uneconomical or under repair.**

- **An internal investigation should be carried out on why fuel and oil costs incurred were more than maintenance costs for vehicles and plants that were under repair. It should also find out why oil, fuel, and maintenance costs were incurred even though the plants and vehicles were uneconomical and recording zero hours of operation.**
- **All vehicles and plants that were uneconomical should be boarded, written off and removed from the Plant Pool Garage since they were taking unnecessary space.**
- **The Ministry should ensure that all operational plants and vehicles should have a renewed and valid certificate of road worthiness.**

### **Department's Comments**

*As per table 8.1 the following plants:*

*GL438, GL439, GJ523, GK699, GK209, GK835, GK711, GM035 and GL604 JRS were issued to carry out minor repairs.*

*As for GK483, Tires worth \$2111.82 and a hydraulic hose worth \$296.00 were purchased. The plant was operational for a week and consumed 260 liters of fuel. A minor oil leak was then detected and the plant was sent for repairs.*

*As per table 8.2*

*Four new tires to the amount of \$1827.00 were issued to vehicle GL168 mentioned in table 8.2. The clutch plate, pressure plate and release bearing were also replaced in the second quarter. This vehicle operated from April to May and broke down in June.*

*Vehicles that are operational have valid road fitness certificates. Only vehicles that have been in the garage for a long time and not in use have expired road fitness certificates.*

*As per table 8.3 the following plants*

*The clerk preparing the report for the second quarter had erred in entering data in relation to the total fuel cost for GM021, GI013 and GM040. Verification of the checklist for plants showed that*

*Fuel and oil consumption for GM021 are as follows*

#### **GM 021**

*Diesel – 200 liters (\$ 294.00)*

*Hydraulic Oil – 65 liters (\$261.30)*

**GI031** – *No fuel consumption recorded in the checklist*

**GM040** – *1821 liters ( \$2676.87)*

*The clerk has been advised to provide correct reports and ensure that this miscalculation does not occur again*

*As per table 8.4 reasons for the usage of fuel are noted below.*

**GL229** – *Operational from 07/06/07 to 27/06/07*

*Operational hours – 111 hours*

*Fuel consumption - 214 Liters (\$314.58)*

**GL249** – *Operational from 30/05/07 to 27/06/07*

*Operational hours – 315.25*

*Fuel consumption – 761 liters (\$1118.67)*

**GK152** - *The fuel cost noted in the second quarter report was recorded in error. This amount was for the first quarter as the vehicle was operational. However the fuel usage was not recorded. This vehicle was also involved in an accident on 23/03/07 and put into the workshop.*

**GL988** – *Operational hours from 02/05/07 to 25/06/07*

*Operational hours – 291.75 hours*

*Two new tires and a tube totaling \$673.24 were also purchased.*

**GJ919** – Operational from 03/04/07 to 19/04/07

Operational hours – 112 hours

Fuel consumption – 440 liters (\$646.80)

**GK826** – Operational hours – 29.5 hours

This vehicle is fitted with a big 6L V – 8 engine and fuel consumption is high.

The Audit recommendations are noted and management will ensure compliance and action appropriately.

## 26.21 Quarters - Rent Deduction Not Effectuated

With the exception of those officers specified in GO 601, all officers occupying government quarters of whatsoever grade or type or self contained flats, will be required to pay rent at the rate of eight percent of basic salary with maximum limits of rent for different grades of quarters as follows: special grade \$1,600 per annum, Grade I and II \$1,400 per annum, Grade III \$1,200 per annum, Grade IV \$1,000 per annum, Grade V \$720 per annum, Grade VI and below \$480 per annum.<sup>31</sup>

Audit noted that Officers provided with government pool quarters were not paying rent to government as required under GO 601. Refer Table 26.25 for details.

TABLE 26.25: QUARTERS OCCUPANT NOT PAYING RENT

Quarters Grade	EDP No.	Tenant	Post	Department	Date Deduction not effected	Revenue Loss \$
V	64654	Nemani Dolodai	Forest Guard	Forestry	25/01/04	2,682.26
V	61909	L Doughty	Snr Technical Assistant	Quarantine	20/03/04	2,520.00
VI	64099	Titilia Vueti	Agricultural Assistant	Quarantine	28/02/05	1,280.00
V		Venina Tulele	Dental Therapist	Health	29/06/07	249.99
IV	64216	Virisila Ladise	Legal Officer	DPP's Office	30/05/06	916.63
Total						7,648.88

The above clearly shows laxity on the part of the Divisional Engineer, Commissioner Western Office and Districts Housing Committee Board in ensuring the proper authorities are advised so that rental deductions could be effected. The above has resulted in loss of revenue to government.

### Recommendations

- The Ministry should advise the Ministry of Finance to pursue the option of deducting at source.
- The Divisional Engineer should liaise with the Commissioner Western's Office to ensure that the policies and procedures laid down in the General Orders are complied with for the operation of government pool quarters.
- The Ministry should also liaise with the Public Service Commission and the Ministry of Finance to ensure proper rental deduction on occupants of government pool quarters.

### Department's Comments

The department sends out occupation and vacation slips to the respective salaries section of the officer's ministries concerned and also to the Finance section. It is the responsibility of the various ministries to ensure implementation of the deductions.

<sup>31</sup> General Order 607

*The quarters clerk will also liaise with Commissioner Western's Office and ensure that all rent due is deducted. The district offices will be notified by the quarter's clerk to inform the Divisional Engineer immediately on any occupation and vacation in the division.*

*The ministry will also liaise with the Public Service Commission and determine the correct rent required by each office to be deducted.*

## 26.22 Accident committee's recommendation not carried out effectively

The Engineer Plant Pool shall carry out an investigation before recommending a course of action against driver involved in an accident and the drivers involved in the accident may be surcharged if the surcharging authority believes that the driver was at fault.<sup>32</sup>

The accident committee was established to carry out an investigation after all accidents and to submit recommendations on who is liable for the damages caused in the accident.

Discussion held with Officer responsible for accident to government vehicles revealed that recommendations made by the accident committee were not implemented promptly. Refer to tables below for details.

TABLE 26.26: ACCIDENT COMMITTEE RECOMMENDATION FOR DRIVER'S SURCHARGE

Date in register	Driver	EDP/FNPF #	Vehicle No.	Decision by committee	Amount \$
11/01/07	Aisea Livaiono	60911	GK 817	100% surcharge against driver	2,705.00
06/02/07	Pauliasi Senikau	KJ 654	GL 987	100% surcharge against driver	140.00
19/02/07	Ravendra Prasad	FC 598	GM 048	50% surcharge against driver	180.00
19/02/07	Changum Naidu	OV 748	GK 769	100% surcharge against driver	250.00
23/03/07	Nand Kumar	DX 903	GK 152	80% surcharge against driver	2,100.00
07/08/07	Raj Kumar	DD 623	GN 404	100% surcharge against driver	140.00
23/08/07	Jotame Driu	OA 835	GM 236	100% surcharge against driver	185.00
03/09/07	Adriu Niudamu	BR 602	GM 263	100% surcharge against driver	70.00
<b>Total</b>					<b>5,770.00</b>

TABLE 26.27: ACCIDENT COMMITTEE RECOMMENDATION FOR 3RD PARTY'S SURCHARGE

Date in register	Driver	EDP/FNPF No.	Vehicle No.	Committee Decisions	Amount \$
15/01/07	Satendra Kumar Chand	PP370	GN 370	Third party to pay firm price of \$9,375.75	9,375.00
09/02/07	Basant Kumar	FJ 582	GN 375	Third party to pay firm price of \$50	50.00
18/04/07	Filimoni Botitu	EA 740	GN 253	Third party to be charged for the damages	250.00

For the above cases, audit noted that the drivers were not surcharged nor did the Ministry take legal actions against the 3<sup>rd</sup> party for the damages caused.

The failure of the Ministry to implement the recommendation of the Accident Committee could result in the non recovery of the costs of accidents on government vehicles.

<sup>32</sup> Ministry of Works Finance Manual 2005 S12.6.5 & S12.6.7

### **Recommendation**

**The Ministry should ensure the prompt implementation of the recommendation of the Accident Committee so that the costs of accident to government vehicle are fully recovered promptly.**

### **Department's Comments**

*The accident committee in the West investigates the accident cause and recommends for the actions to headquarters for the signatory of the Permanent secretary. From headquarters it is submitted to the Attorney General's office for the judgement on the recommendation. The drivers are given 28 days to appeal for their case. Once it is finalised it is forwarded to the Ministry of Finance for deduction of wages.*

*This takes many months and up to a year to be done and in past cases, some drivers have retired by the time a decision is finally made. Some quicker way must be designed to safeguard assets.*

## **DIVISIONAL ENGINEER EASTERN**

### **26.23 TMA Business Plan Not Prepared**

Before the end of October each year, the TMA Manager shall prepare a draft business plan documenting the planned performance and profit target for the following year.<sup>33</sup>

Audit noted that the last business plan prepared was in 2005. The business plans for 2006 and 2007 were not prepared.

Without a proper business plan, the benchmark of measuring the actual business performance and profit cannot be measured against those planned, performed and profit targets and to evaluate its efficiency and productivity.

### **Recommendations**

- **The TMA manager should ensure that the business plans are prepared before the end of October and present the draft business plan to the CEO and senior management in the first week of November as required under the Finance Instruction.**
- **Once approved, the TMA manager should inform the staff what is required of them to achieve the targeted performance level.**

### **Department's Comments**

*Steps are being taken now to produce the Business Plan which should be completed before end of September 2008. The DE Works (West) is assisting the DE Works (Central) in the formulating of Business Plan for each TMA.*

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<sup>33</sup> Finance Manual 2005, 6.1.1

## **DIVISIONAL ENGINEER NORTHERN**

### **26.24 Trading and Manufacturing Account Anomalies**

#### **26.24.1 Unutilised Stocks – Plumber shop TMA**

Within 3 days after the end of the stock take, the stocktaking officers must prepare and sign a stock take report and submit it to the TMA manager, with a copy to the accounting head. The report must outline; any discrepancies between actual stock and supporting records, whether any stock is obsolete or unserviceable, explanations from the stock- keepers if relevant.<sup>34</sup>

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.<sup>35</sup>

The Plumber Shop TMA was manufacturing concrete water meter box for the Department of Water in the Northern Division to be used for newly installed meters.

Audit noted from the Plumber Shop Trading Account that the concrete water meter box were not utilised. Moreover, the stock cards for concrete meter box noted a balance of 63. Discussion with the storeman where audit noted that the Department of Water had ceased using concrete meter box and have replaced this with plastic meter box purchased from Vinod Patel.

Audit further noted that 5 Smokeless Stoves was manufactured but not sold or utilised as projected.

The Department purchased resources from outside suppliers instead of those produced by the Plumber Shop. This has resulted in losses of government as items produced within the department have remained unsold.

#### **Recommendation**

**The Ministry should review the Plumber shop TMA operation and put in place strategy in order to ensure that profit is maximized. Otherwise, the operations should cease.**

#### **Department's Comments**

*As highlighted by the Auditor General, those unutilized stocks manufactured at Plumber Shop especially the concrete meter box were from years back and were assigned especially for the Water Supply Department.*

*The manufacturing of these concrete meter box were made in bulk when all sections came under one umbrella of the Ministry of Works and Infrastructure.*

*However with the separation and the introduction of the more sophisticated meter box and more importantly the new OHS regulation, the plastic meter box was needed instead of the old ones.*

#### **26.24.2 Arrears of Revenue – Electricity Charges**

The accounts officer must promptly follow up accounts that fall due. If recovery is unsuccessful after one month, the following actions shall be taken:<sup>36</sup>

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<sup>34</sup> Finance Manual s6.3.5, pp 52

<sup>35</sup> Finance Instruction 18

<sup>36</sup> Finance Manual 2005 9.2.1

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

If a final notice had been issued to one of the debtors listed, the accounting head may approve that the case be referred to the Solicitor General or the Small Claims Tribunal, after considering the cost implications and the probability of recovery.<sup>37</sup>

Audit of the revenue records at Nabouwalu Depot revealed substantial arrears of revenue for electricity amounting to \$248,375 as at November 2007. Similarly, the revenue records for Taveuni Depot shows arrears of revenue of \$82,520 as at 6/08/07.

Clients with outstanding arrears include government stations, civil servants, private businesses, private household and villagers. The officer in charge disclosed that the following factors contribute to the high arrears:

- pool quarters vacated by government officers without complying with the vacation procedures to ensure that tenants settle their bills upon vacation;
- billing of consumers which used to be made by Depot Supervisors are now back with Labasa office;
- defective meters still being supplied with electricity;
- lack of funds for installation of new meters and
- tenants are billed on a quarterly basis instead of monthly.

Audit further revealed that 57 of the 195 consumers at Nabouwalu had defective electricity meters but were still being supplied with electricity from the depot's generator. The above issue was also highlighted in the 2005 report and at the date of audit in November 2007, no action has been taken by the Department.

The above findings reflect the failure by the Department and the officers responsible to instigate appropriate debt recovery procedures. Losses to government will continue if the above is not rectified.

### **Recommendations**

- **The department should pursue recovery measures to ensure that the arrears of revenue in respect of electricity charges for Nabouwalu Depot and Taveuni Depot are reduced.**
- **The department should comply with Finance Manual in respect of debt recovery procedures.**

### **Departments Comments**

*The Arrears of Revenue are not correct since the reading done at Nabouwalu was not accurate due to some technical error in reading thus increasing the amount to \$ 248, 375.45.*

*As for Taveuni a more vigorous exercise was done whereby defaulting consumers electricity meters were disconnected on the 30.04.08 by a special task team assembled with the assistance from the Ministry of Finance, Internal Audit team.*

*As for Nabouwalu a similar exercise is undertaken whereby disconnection is made on all defaulting consumers.*

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<sup>37</sup> Finance Manual 2005 9.2.4

**Appendix 26.1: Cancelled LPO to NBTL****Cancelled LPO's to National Bulldozing – Nadroga Depot**

Requisition Number	LPO Date	LPO Number	Particulars	Amount \$
159418	07/03/07	715871	Hire of Tipper Truck CM786	177.40
169638	24/02/07	724199	Hire of Tipper Truck EX 221 (17/5-23/5)	616.00
169639	24/05/07	724199	Hire of Tipper Truck CN830 (17/5 -23/5)	616.00
169640	24/05/07	724199	Hire of Medium Excavator EG 367 (17/5 – 23/5)	1,122.00
169641	24/05/07	724199	Hire of Medium Excavator DU 565 (17/5 – 23/5)	1,122.00
169592	18/04/07	724105	Hire of Tipper Truck EX 221 (05/4 – 11/04)	616.00
169663	12/06/07	755438	Hire of Tipper Truck EX 221 (24/5 -30/5)	616.00
169664	12/06/07	755438	Hire of Tipper Truck CN 830 (24/5 -30/5)	616.00
169769	02/07/07	755730	Hire of Excavator DV 565 (21/06 -27/06)	1,122.00
169836	27/07/07	724277	Hire of Medium Excavator DV 565 (19/7 – 25/07)	1,122.00
169866	06/08/07	724294	Hire of Medium Excavator DV 565 (26/7 -01/08)	1,122.00
169870	06/08/07	724298	Hire of Tipper Truck CN 830 (26/7 -01/08)	616.00
169885	09/08/07	757358	Hire of Medium Excavator DU 565 (02/8 – 08/08) 44hrs	1,122.00
169889	09/08/07	757362	Hire of Tipper Truck CN 830 (02/08 -08/08)	616.00
169906	16/08/07	757372	Hire of Tipper Truck CN 830 (09/8 -15/08)	616.00
169902	16/08/07	757370	Hire of Excavator DV 565 (09/08 – 15/08)	1,122.00
169511	18/04/07	724114	Hire of Tipper Truck EX 221 (12/4 -18/4)	616.00
169417	02/05/07	724153	Hire of Tipper Truck CM786 (3/05 -09/05)	616.00
169418	02/05/07	724154	Hire of Tipper Truck EX 221 (03/05 -09/05)	616.00
169606	14/05/07	724174	Hire of Tipper Truck CM786 (10/5 -16/5)	616.00
169607	14/05/07	724175	Hire of Tipper Truck EX 221 (10/5 -16/5)	616.00
<b>Total</b>				<b>16,039.40</b>

**Appendix 26.2: Vehicles Exceeding 200,000km Mileage**

Vehicle #	Registration Date	Price \$	Mileage as at 3 <sup>rd</sup> Quarter 2007 \$	Maintce. Cost (Acc) 2007 \$	Total Fuel Cost 2007 \$	Actual M/Cost 2007 \$	Total Income 2007 \$	Profit / (Loss) 2007 \$	Age Of Vehicle (years)
GL917	02-Aug-93	\$22,632.00	234281	39,235	130.72	276.00	382.95	(23.77)	14
GL 941	01-Oct-93	\$24,000.00	217143	17,642	641.52	72.00	1,531.82	818.30	13
GM 176	15-Mar-95	\$16,661.05	535040	21,952	910.30	72.00	3,328.75	2,144.60	12
GM 177	15-Mar-95	\$16,661.05	200262	33,743	855.39	154.00	2,356.64	1,268.36	12
GL 379	12-Dec-89	\$15,665.00	205550	18,773		6.00	0.00	(6.00)	17

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Vehicle #	Registration Date	Price \$	Mileage as at 3 <sup>rd</sup> Quarter 2007 \$	Maintce. Cost (Acc) 2007 \$	Total Fuel Cost 2007 \$	Actual M/Cost 2007 \$	Total Income 2007 \$	Profit / (Loss) 2007 \$	Age Of Vehicle (years)
GK 813	28-Jul-88	\$19,053.00	625562	36,948		6.00	0.00	(6.00)	19
GL 226	21-Sep-89	\$16,985.00	585692	58,223	1,283.60	374.00	3,035.60	1,335.31	18
GL 228	21-Sep-89	\$16,985.00	599779	44,609	1,390.57	292.00	3,768.34	1,309.95	18
GL 956	20-Oct-93	\$38,010.89	414644	33,940	1,056.65		3,942.80	2,886.15	14
GL 975	24-Oct-95	\$28,226.10	638747	45,370	1,520.31	30.00	4,047.47	2,345.01	12
GL 976	24-Jan-95	\$28,226.00	257943	37,956	1,891.14	60.00	4,605.74	2,366.53	12
GL 497	04-Apr-90	\$17,220.00	235847	27,663	1,314.64	66.00	4,117.26	2,414.83	17
GM 798	21-Dec-00	\$59,685.00	235388	18,667	1,325.90	274.00	4,291.72	2,179.13	7
GK 775	01-Jul-88	\$12,170.18	549902	41,635			0.00	0	18
GL 201	28-Sep-89	\$11,241.12	648178	29,822			0.00	0	17
GL 202	28-Sep-89	\$11,241.12	593564	49,347			0.00	0	17
GL 964	10-Nov-93	\$16,079.91	272618	7,857	688.40	24.00	4,241.95	3,462.29	13
GL 990	10-Nov-93	\$16,071.91	406572	9,713			4,118.40	4,118.40	13
GK 755	24-Jun-88	\$16,215.16	634630	7,541	248.12	18.00	652.65	386.53	19
GK 789	30-Jun-88	\$16,230.00	455603	50,246			0.00	0	19
GL 219	28-Sep-89	\$13,741.45	518731	47,332	1,644.79	18.00	4,941.51	3,153.21	18
GL 968	10-Nov-93	\$21,698.15	206091	47,281	995.06	81.00	3,356.50	1,947.20	14
GL 985	10-Nov-93	\$21,698.15	463296	26,650	1,102.30	103.71	3,496.35	2,177.02	14
GL 529	24-Mar-98	Project Veh.	221635	23,019	1,416.64	165.00	4,195.62	2,568.97	9
GL 518	30-May-90	F.M.F. Veh.	314407	15,433			0.00	(6.00)	17
GL 742	10-Jan-00	Project Veh.	552621	12,624	1,210.25	90.00	5,640.78	4,334.53	10
GL 745	10-Jan-00	Project Veh.	222361	18,505	255.30	12.00	885.74	600.44	10
GL 747	10-Jan-00	Project Veh.	235843	8,688			0.00	0	10
GL 748	10-Jan-00	Project Veh.	250124	15,803			0.00	0	10
GL 883	10-May-02	\$35,250.00	261984	14,058	1,832.36	48.00	6,340.05	4,123.84	5
GL 884	10-May-02	\$35,250.00	268212	20,825	78.66	12.00	233.09	142.43	5
GN 114	30-Jun-02	\$36,205.00	213217	12,257	853.96	699.00	2,703.84	1,109.57	5
GN 136	30-Sep-03	\$48,500.00	231263	5,638	3,547.69	22.00	6,340.05	2,569.90	4
GN 291	18-Jan-05	Project Veh.	517366	1,484	1,640.82	6.00	7,132.55	5,401.53	2
GK 682	15-Mar-88	\$12,079.14	728817	78,401	253.92	168.00	1,510.08	1,084.59	19
GK 683	15-Mar-88	\$12,079.14	399377	84,853			0.00	0	19
GK 713	27-Apr-88	\$18,687.62	387490	67,704			#VALUE	n/a	19
GK 714	27-Apr-88	\$18,687.62	667390	77,654			0.00	0	19
GK 715	27-Apr-88	\$18,687.62	498023	78,674		6.00	0.00	(6.00)	19
GK 844	08-Nov-88	\$50,026.00	429997	109,031	1,146.93	315.00	2,232.80	767.20	19
GK 845	08-Nov-88	\$50,026.00	678630	65,093	1,846.61	288.00	3,620.76	1,465.27	19
GJ 488	22-Sep-81	\$10,741.00	234736	107,995	550.86	186.00	1,025.88	289.02	26
GL 422	16-Jan-90	\$71,909.00	589444	20,056	1,996.98	332.00	6,759.32	4,324.71	17
GL 423	16-Jan-90	\$71,909.00	777075	58,606	1,415.40	153.00	5,086.22	3,511.82	17
GM 194	18-May-95	\$75,175.46	244190	52,933	1,726.08	375.00	3,680.82	1,173.18	12
GL 055	03-Jul-89	\$28,500.00	391093	67,399			0.00	0.00	18
GL 303	28-Sep-89	\$48,959.00	515943	44,465			0.00	0.00	18
GL 344	31-Oct-89	\$21,229.00	350461	32,078	725.33	54.00	9,053.04	8,138.48	18
GL 346	21-Oct-89	\$21,229.00	251036	35,696			0.00	0.0	18
GM 188	23-Mar-95	\$73,725.00	286538	18,711	559.19	108.00	3,347.34	2,646.27	12
GL 174	28-Sep-89	\$58,528.00	251146	57,809			0.00	0	18
GL 176	28-Sep-89	\$58,528.00	342963	93,119		6.00	0.00	(6.00)	18
GM 239	16-Apr-95	\$73,275.90	222511	43,883	529.56		1,825.82	1,296.26	12
GM 241	16-Apr-95	\$73,275.90	239684	54,933		733.00	0.00	(733.00)	12
GM 242	16-Apr-95	\$73,275.90	239668	24,558	1,082.66		6,086.08	4,718.04	12
GM 243	16-Apr-95	\$73,275.90	279668	19,386	691.38	39.00	4,412.41	3,676.03	12

Vehicle #	Registration Date	Price \$	Mileage as at 3 <sup>rd</sup> Quarter 2007 \$	Maintce. Cost (Acc) 2007 \$	Total Fuel Cost 2007 \$	Actual M/Cost 2007 \$	Total Income 2007 \$	Profit / (Loss) 2007 \$	Age Of Vehicle (years)
GK 830	02-Aug-88	\$78,956.00	360275	96,479			0.00	0	19
GM 222	15-May-95	\$94,518.06	250283	47,542		3,883	0.00	(3,889)	12
GM 223	15-May-95	\$94,518.06	209863	27,884			0.00	0	12
GL 224	15-May-95	\$94,518.06	233282	36,874			0.00	0	12
GJ 508	30-Nov-81	\$15,332.00	322215	101,883	457.59	378.00	1,512.08	226.49	26
GJ 626	25-Jan-82	\$42,185.00	304031	87,101	884.26	18.00	3,471.47	2,478.52	25
GK 846	29-Aug-88	\$106,215.53	202390	50,398	283.52	241.00	247.96	276.56	19
GL 667	18-Apr-91	\$102,463.00	208171	89,088	5,959.26	380.00	12,689.82	6,278.56	15

### Appendix 26.3: Plants Lying Idle

REG NO.	Type of Plant	Age	3 <sup>rd</sup> Qtr Total Hrs (Acc) 2007	3 <sup>rd</sup> Qtr (Km) 2007	Condition of Plants	Cost of Fuel & Oil \$	Cost of Mtce 2007 \$	Profit & (Loss) 2007 \$	Purchase Price \$	Total Mtce Cost (Acc) 2007
GL 718	Cat D7	30	130,910		Very Poor	229.23	---	(229.23)	11,000.00	160,681
GJ151	Cat D6	34	27,371		Fair	---	---	---	35,928.00	135,382
GO062	Cat D6	30	361,939		Fair	---	---	---	67,000.00	312,320
GK906	Komatsu D6	19	13,580		Very Poor	---	---	---	118,379.60	191,449
GK907	Komatsu D6	19	10,628		Fair	---	2,162.00	(2,162.00)	118,379.60	148,069
GM089	Cat D6	13	9,326		Good	---	---	---	200,000.00	84,802
GI 398	Cat D4	27	47,160		Poor	---	---	---	42,657.00	137,605
GJ 529	Cat D4	26	18,388		Poor	---	---	---	46,177.00	290,203
GJ531	Cat D4	26	15,335		Poor	---	---	---	46,177.00	202,984
GJ532	Cat D4	26	20,108		Poor	---	---	---	46,177.00	168,027
GK899	Komatsu D4	19	12,571		Fair	---	---	---	88,072.00	72,970
GK900	Komatsu D4	19	117,718		Fair	---	---	---	88,072.00	126,362
GJ 351	M.F Loader	18	8,451		Very Poor	6.00	---	(6.00)	36,105.89	21,807
GK202	Clark Loader	23	24,049		Fair	32.72	---	(32.72)	45,845.00	120,599
GL994	TCM Loader	14	17,968		Fair	585.00	---	(585.00)	232,531.52	157,378
GM018	Champion Grader	13	13,909		Fair	---	---	---	120,176.00	112,725
GM 058	Champion Graderl	13	8,704		Very Poor	---	---	---	144,992.00	81,900
GM 860	Cat Grader	5	4,270		Fair	---	---	---	115,000.00	49,638
GK834	Komatsu Excavator	19	15,803		Fair	---	---	---	64,860.00	144,614
GM019	Kato Excavator	13	81,548		Fair	---	---	---	102,372.00	82,566
GJ543	1H1 K250 Crane	26	18,074		Fair	282.00	216.00	(498.00)	154,131.00	273,852.00
GK739	Bomag Roller	19	9,242		Fair	---	---	---	102,304.00	34,772.00
GJ535	Dynapac Roller	26	22,219		Fair	---	6.00	(6.00)	40,720.00	69,362.00
GJ573	Dynapac Roller	26	11,181		Fair	---	---	---	47,661.00	107,257.00
GK477	Bomag Roller	21	10,246		Fair	---	---	---	68,027.00	122,109.00
GL603	IngersolRand	17	12,191		Fair	---	---	---	84,912.00	62,719.00

REG NO.	Type of Plant	Age	3 <sup>rd</sup> Qtr Total Hrs (Acc) 2007	3 <sup>rd</sup> Qtr (Km) 2007	Condition of Plants	Cost of Fuel & Oil \$	Cost of Mtce 2007 \$	Profit & (Loss) 2007 \$	Purchase Price \$	Total Mtce Cost (Acc) 2007
	Roller									
GM037	Bomag Roller	13	11,295		Good	---	---	---	101,260.00	20,660.00
G41	Pile Drive Hammer	-	0		-	---	---	---	11,237.00	---
G42	Pile Drive Hammer	-	0		-	---	---	---	11,237.00	---
GM033	Gemco Rig	-	0		-	---	---	---	90,000.00	562.00
<b>Total</b>						<b>1,134.95</b>	<b>2,384.00</b>	<b>(3,518.95)</b>		

### Appendix 26.4: Idle Vehicle that were not in Operation

REG NO.	Type of Vehicle	Age	Total Mileage (ACC) (Km) 2007	Condition	Cost of Fuel & Oil \$	Cost of Maintenance \$	Profit & (Loss) 2007 \$	Purchase Price \$	Total Mtce Cost (Acc) \$
GI 379	Toyota Liteace	14	205550	Poor	0.00	(6.00)	(6.00)	15,665.00	18,773.00
GK813	Mitsubish Pajero	19	6255621	Poor	0.00	(6.00)	(6.00)	19,053.00	36,948.00
GK 775	Toyota Utility	18	549902	Poor	0.00	0.00	0.00	12,170.18	41,635.00
GK 777	Toyota Utility	18	139034	Poor	0.00	0.00	0.00	12,170.18	37,743.00
GL201	Nissan Utility	17	648178	Poor	0.00	0.00	0.00	11,241.12	29,822.00
GL 202	Nissan Utility	17	593564	Poor	0.00	0.00	0.00	11,241.12	49,347.00
GK 784	Toyota Hilux	19	30110	Poor	0.00	0.00	0.00	16,230.00	26,871.00
GK 789	Toyota Hilux	19	455,603	Poor	0.00	0.00	0.00	16,230.00	50,246.00
GL199	Nissan Twin Cab	18	574188	Poor	0.00	0.00	0.00	15,322.24	53,872.00
GL 518	Nissan Twin Cab	17	314,407	Poor	6.00	0.00	(6.00)	F.M.F Veh	15,433.00
GL 444	Mitsubishi L200 M/Bus	17	49844	Poor	6.00	0.00	(6.00)	17,871.00	22,817.00
GL 429	Mitsubishi F/Top	21	88,891	Poor	0.00	0.00	0.00	8,408.00	102,640.00
GL 683	Daihatsu F/Top	19	399377	Poor	0.00	0.00	0.00	12,079.14	84,853.00
GL 684	Daihatsu F/Top	19	58914	Poor	0.00	12.00	(12.00)	12,079.14	3,825.00
GL 714	Daihatsu T/Cab	19	667,390	Poor	0.00	0.00	0.00	18,687.62	77,654.00
GL 715	Daihatsu T/Cab	19	498,023	Poor	0.00	6.00	(6.00)	18,687.62	78,674.00
GL 791	Daihatsu F/Top	15	112559	Fair	0.00	0.00	0.00	14,300.00	22,991.00
GK 887	Mitsubishi H/Truck	19	334	Poor	0.00	0.00	0.00	72,959.87	81,168.00
Gk 888	Mitsubishi H/Truck	19	136441	Poor	0.00	0.00	0.00	72,959.87	47,364.00
GM 051	Isuzu Hoist Truck	12	244190	Fair	0.00	12.00	(12.00)	97,573.59	33,747.00
GL 055	Mazda Hoist Truck	18	391093	Poor	0.00	0.00	0.00	28,500.00	67,339.00
GL 303	Isuzu Tip Truck	18	515943	Poor	0.00	0.00	0.00	48,959.00	44,465.00
GL 346	Mazda Tip Truck	18	251036	Poor	0.00	0.00	0.00	21,229.00	35,696.00
GM 187	Mazda Tip Truck	12	165086	Fair	0.00	0.00	0.00	73,725.00	4042.00
GM 865	Mitsubishi T/Truck	19	160177	Poor	0.00	0.00	0.00	56,042.00	102,532.00
GM 174	Nissan Tip Truck	18	251146	Poor	0.00	0.00	0.00	\$58,528.00	57,809.00
GL 176	Nissan Tip Truck	18	342963	Poor	0.00	6.00	0.00	\$58,528.00	93,119.00
GM 240	Isuzu Tip Truck	12	103935	Fair	0.00	0.00	0.00	\$73,275.90	27,553.00

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REG NO.	Type of Vehicle	Age	Total Mileage (ACC) (Km) 2007	Condition	Cost of Fuel & Oil \$	Cost of Maintenance \$	Profit & (Loss) 2007 \$	Purchase Price \$	Total Mtce Cost (Acc) \$
GM 241	Isuzu Tip Truck	12	239684	Fair	0.00	733.00	(733.00)	73275.90	54,933.00
GK 830	Hino Tip Truck	19	360275	Fair	0.00	0.00	0.00	78,956.00	96,476.00
GM 221	Mitsubishi T/Truck	12	166270	Fair	0.00	0.00	0.00	94,518.06	78,292.00
GM 222	Mitsubishi T/Truck	12	250283	Poor	6.00	3,883.00	(3,889.00)	94,518.06	47,542.00
GM 223	Mitsubishi T/Truck	12	209863	Fair	0.00	0.00	0.00	94,518.06	27,884.00
GM 224	Mitsubishi T/Truck	12	233282	Fair	0.00	0.00	0.00	94,518.06	36,874.00
GO	Bedford Tow Truck	30	94362	Poor	0.00	0.00	0.00	44,425.00	71,678.00
<b>Total</b>					<b>301.52</b>	<b>4,905.00</b>			

