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

## **Volume 2     Audit Report on Government Ministries and Departments - 2011**

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

**Volume 2      Audit Report on Government Ministries  
and Departments – 2011**

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Excellence in Public Sector Auditing

File: 102

31 October, 2011

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

Dear Commodore Bainimarama

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**AUDIT REPORT ON GOVERNMENT MINISTRIES AND DEPARTMENTS 2010  
VOLUME 2**

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In accordance with section 7(7) of the State Services Decree 2009, I am pleased to transmit to you my audit report on the Whole of Government Financial Statements and Annual Appropriation Statement for 2010. The report includes the following:

- Volume 1: Whole of Government Financial Statements and Annual Appropriation Statement for 2010.
- Volume 2 – 4: Audit Report on Government Ministries and Departments – 2010.

The report should be presented to Cabinet within 30 days of receipt as required under section 7 (8) of the States Service Decree 2009.

Tevita Bolanavanua  
Auditor - General



## FOREWORD

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This report covers the results of our audit of the Whole of Government (WOG) Financial Statements and the Annual Appropriation Statement for 2011 and its 32 ministries and departments as provided in the 2010 Appropriation (Amendment) Decree.

The purposes of this report are to:

- report on the audit of the WOG Financial Statements as at 31 December 2011 covered under volume 1 of the report;
- report on the audit of financial statements of ministries and departments as at 31 December 2011 covered under volume 2-4 of the report;
- report on the results of, and matters arising from, our 2011 audits of ministries and departments also covered under volume 2-4; and
- raise other matters that we believe warrant consideration by Cabinet.

The WOG Financial Statements and the Annual Appropriation Statement of the Government of the Republic of the Fiji for the year ended 31 December 2011 has been audited in accordance with section 5 of the State Service Decree No. 6, sections 46 & 47 of the Financial Management Act (2004) and section 6 of the Audit Act.

A qualified audit opinion was issued on the WOG Financial Statements due to the absence of bank reconciliations for various bank accounts, bank balances not recorded, cash at bank with negative bank balances and material variances between the general ledger and the actual cash held as at 31 December 2011. The attention of the management was also drawn to other issues highlighted in the Independent Audit Report in the WOG Financial Statements.

Section 70 (3) of the Finance Instructions states that draft agency financial statements for ministries and departments must be submitted to the Auditor-General by 31 March in the following year, or within such other time as agreed to with the Auditor-General. Of the 32 ministries/departments appropriated in the 2010 appropriation decree, 11 Ministries failed to submit their Agency Financial Statement on the 31<sup>st</sup> of March, 2012 contrary to section 70 (3) of the Finance Instructions delaying the issue of their audit reports.

Out of the Agency Financial Statements audited, 16 were issued unqualified audit opinions while 16 were qualified. The qualification issues include: trust fund account balances in the general ledger did not reconcile with bank balances; trust fund account statement of receipts and payments were not provided for audit; financial statements were not presented in accordance with the Finance Management Act 2004 and adequate records were not maintained to support Trading and Manufacturing Account balances.

The issues qualified for some ministries and departments were the same as those highlighted in 2010 which indicated that no improvement had been made or in some instances; no action was taken by respective ministries and departments.

The results and matters arising from our audits of ministries and departments are covered under volume 2-4 of the report.



Tevita Bolanavanua  
**AUDITOR - GENERAL**



## EXECUTIVE SUMMARY

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The Whole of Government Financial Statements and the Annual Appropriation Statement of the Government of the Republic of Fiji for the year ended 31 December 2011 has been audited in accordance with section 5 of the State Services Decree No. 6, section 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 as the Cash at Bank balance as at 31/12/11 totalling \$250.8 million were not properly supported with bank reconciliations for various bank accounts, there were bank balances without any cash held, some cash at bank balances were not recorded, there were cash at bank balances with negative general ledger balances and there were instances of material variances between the general ledger and actual cash.

The attentions of Ministry of Finance were also drawn to the following matters:

- Expenditure totalling \$14.5 million was disbursed by the Ministry of Finance for certain Ministries/Departments for *Travel and Communications*, *Purchase of Goods and Services* and *Capital Grants and Transfers* through Standard Liability Group (SLG) 84. There was no acquittal or policy guideline to support SLG 84 transactions; as such sums utilized by the Ministry/Department could not be verified.
- The correctness of operating revenue receipted through the Accounts Receivable module of the Financial Management Information System, totalling \$27.3 million, reflected in the *Consolidated Statement of Receipts and Payments* in schedule 2 of the WOG Financial Statement could not be substantiated and were not correctly accounted for in accordance with cash basis of accounting as in Note 1 to the Financial Statements.
- Investments totalling \$14.2 million were not properly evaluated which included inoperative entities (\$6.5 million); investments with Fiji Ships and Heavy Industries Limited (\$7.66 million) have been disposed off but are still being recorded in the *Statement of Assets and Liabilities*.
- Share certificates were not produced for investments totalling \$52.6 million.
- Records to substantiate the accuracy and completeness of borrowing revenue totalling \$650.5 million in the *Statement of Receipts and Payments* in Schedule 2 and the total debt owed by the Government as at 31/12/11 totalling \$3.5 billion in *Note 19* to Whole of Government Accounts were lacking.
- In the absence of reconciliations, revenue collected for Land Transport Authority (LTA) fees \$43.5 million, departure taxes \$61.3 million and water rates \$24.7 million as reflected in the *Statement of Receipts and Payments* in Schedule 2 could not be substantiated.
- Trust accounts with Ministries/Departments were overdrawn by \$9.7 million contrary to Finance Circulars 4 of 30/3/98.
- Balances in the Trading Manufacturing Accounts (TMA) surplus and accumulated surplus of \$24.6 million could not be substantiated as no supporting documentations were provided.
- Lending Fund Account contained errors and omission of \$1.7 million in the *Consolidated Statement of Receipts and Payments* in schedule 2 of the WOG financial statement with respect to loans, loan recovery to/from government entities in 2011.

- A prior year adjustment of \$48,853,126 in the *Consolidated Statement of Receipts and Payments* could not be substantiated for adjustments made in 2011.

The following is a summary of the audit observations.

## **2011 WOG Financial Statements**

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

Cash at Bank balance increased significantly from \$185,443,615 in 2010 to \$250,876,999 in 2011 due to significant increases in overseas bank balance (52%), trading & manufacturing account balance (19%) and trust fund account balance 20%. In addition, there was an increase in domestic bank balances by 3%.

The net of errors and omissions in the cash at bank balance reflected in the Statement of Assets and Liabilities in the WOG Financial Statement totalled to \$287.8 million. These were attributed to the absence of the bank reconciliations for various bank accounts, bank balances without any cash held, cash at bank balances not recorded, cash at bank with negative balances and there were instances of material variances between the general ledger and actual cash held by the banks.

Unpresented cheques have increased \$48.8 million in 2010 to \$50.3 million in 2011. The significant unpresented cheques balances indicated that spending for certain Ministries and Departments increase towards the end of the year. Such spending often results in uneconomical purchases affecting the following year's cash flows.

### ***Investment***

Government's total investments held in 30 companies in 2011 were \$438,907,121. Only 8 entities remitted dividends to Government totalling \$10.6 million in 2011 compared to a forecasted dividend income for 2011 of \$30.1 million. Six entities with total government investments of \$6.5 million are inoperative.

Fiji Ships and Heavy Industries Limited (FSHIL) shares totalling \$7.66 million continues to be reflected as Government investments despite being disposed off.

Share certificates for investments totalling \$52.6 million were not provided for audit review.

### ***Trust Fund***

\$1.5 million in respect of trust monies were not appropriately supported by Cash. 10 Ministries and Departments had overdrawn their trust fund accounts totalling \$9.7 million as 31/12/11.

### ***Revenue***

Revenue collected totalled \$2,451,779,617 in 2011 due to the global bonds raised totalling US\$250 million following the approval of Cabinet on 9<sup>th</sup> November 2010.

Revenue totalling \$27.3 recorded in the general ledger of Ministries/Departments using Accounts Receivable module in 2011 was inclusive of both accrued sales and cash sales. This was not consistent with cash basis of accounting adopted by Government.

Proper reconciliations and records were lacking to substantiate the borrowing revenue totalling \$650.5 million while revenue collected for Land Transport Authority (LTA) fees (\$43.5 million), departure

taxes (\$61.3 million) and water rates (\$24.7 million) could not be substantiated due to the absence of reconciliations.

### ***Expenditure***

Government spending totalling \$2,402,752,517 in 2011 increased by \$502.7 million compared to 2010.

Operating expenditure increased by \$793.97 million from 2002 to 2011 with an average increment of \$88 million or 10%. Operating expenditures compared to 2010 recorded an increase of \$352.55million or 23% in 2011.

There was an overall budget saving of \$77.7 million in 2011 compared to \$93.9 million in 2010. Total revised budget in 2011 increased by \$486.50 million from \$1.994 million in 2010 to \$2.480 million during 2011.

The surplus recorded in 2011 was due to the savings made to the following standard expenditure group allocations: Travel and Communications (SEG 3) recorded savings of \$1,612,852 (2%), Maintenance and operations (SEG 4) \$2,839,741 (3.7%), Purchases of goods and services (SEG 5) \$4,123,770 (5.3%), Operating grants & transfers (SEG 6) \$3,207,774 (4.1%), Special expenditures (SEG 7) \$11,451,106 (14.7%), Capital construction (SEG 8) \$4,616,788 (5.9%), Capital purchases (SEG 9) \$2,326,556 (3%), Capital grants and transfers (SEG 10) \$15,369,630 (19.8%), Pensions and gratuities \$4,253,897 (5.5%), Finance charges on public debt \$27,365,003 (35.2%) and Value Added Tax (SEG 13) \$7,762,807 (10%).

### ***Borrowings Fund Account***

Public debt owed in 2011 totalled \$3.5 billion and comprised of domestic loans of \$2.6 billion or 74% of total debt; overseas loans of \$832 million or 24%; and Treasury Bills \$70.9 million or 2%.

New loans raised in 2011 totalled \$721.43 million which comprised of \$81.47 million that were funded through domestic bonds, \$70.92 million in treasury bills and \$569.04 million in overseas loans.

The following anomalies were noted:

- The Ministry failed to reconcile its overseas loan balances as reflected in the Financial Management Information System (FMIS) general ledger to the Commonwealth Secretariat Debt Recording Management System (CS – DRMS) and the Loan Financial Management Information System (LFIS);
- The Ministry also did not record those overseas loans received by cash through the consolidated fund account, direct disbursement of loan made to contractors, and the interest and commitment fee capitalized on the overseas loans;
- Failure to record a *domestic loans* during 2011 totalling \$35 million into the FMIS general ledger; and
- Records to substantiate those overseas loans totalling \$7.5 million were lacking.

### ***Lending Fund Account***

Loans made by Government and outstanding as at 31/12/11 totalled \$70.4 million a decrease of \$3.5 million or 5% compared to 2010. Repayments received in 2011 totalled \$3.5 million whilst additional loans given and interest capitalized in 2011 was \$139,063.

Loan recoveries collected in 2011 totalling \$2,677,182 were not recorded as revenue in the general ledger (FMIS) after being credited to the Lending Fund Account.

### ***Revolving Fund Account (RFA)***

RFA – Miscellaneous showed large outstanding/overdrawn balances for various Ministries and Departments totalling \$6.5 million.

The Revolving Fund Account (RFA) – Miscellaneous net outstanding balance as at 31/12/11 for Whole of Government (WOG) stood at \$23 million, a decrease of \$37,863,163 or 62% compared to 2010.

The audit could not substantiate the Trading and Manufacturing Accounts (TMA) surplus and TMA accumulated surplus totalling \$24.6 million as recorded in the General Ledger in 2011.

6 out of the 29 TMAs were operating above their appropriated ceiling.

The Fiji Handicraft Centre TMA which ceased operation in 2010 continued to reflect outstanding balance of \$43,224 in the general ledger as at 31/12/11.

The Standard Liability Group (SLG) 85 despite a liability showed a debit balance of \$1.96 million. While unutilised funds in SLG 84 carried over by Ministries/Departments as at 31 December 2011 decreased by \$1.6 million or 20% compared to the total funds carried over from 2010.

There was no policy guideline to support the SLG 84 and 85 transactions.

### ***Contingent Liabilities***

Total contingent liabilities as at 31/12/11 amounted to \$1.93 billion. This comprised the domestic loans of \$1.92 billion or 99.6% of total liabilities while overseas loans accounted for \$0.1 billion or 0.4%.

### ***Sinking Fund Account and JP Morgan Cash at Bank Account***

The Ministry failed to prepare the JP Morgan cash account and the sinking fund account reconciliations for the 2006 and 2011 global bond raised of US\$150 million and US\$250million respectively.

### **2011 Accounts of Ministries and Departments**

Of the 32 Ministries/Departments appropriated under the 2011 Appropriation Decree No. 59 of 2010, 11 Ministries/Department did not submit their Agency Financial Statement (AFS) on the 31st of March, 2012 to our Office as required under section 70(3) of the Finance Instructions 2011. The submission of the 2011 draft accounts by the agencies improved significantly compared to prior years.

### ***Office of the President***

The Office failed to carry out a Board of Survey since 2009.

The Office failed to prepare the monthly reconciliation statement since 2005 for Revolving Fund Miscellaneous Account having a balance of \$266,963.44. Significant portion of the RFA balance have been carried forward from previous years.

As at 31 December 2011, some of the Operating Trust Fund Account balances were overdrawn.

The Office did not prepare the monthly reconciliation for Trust Fund Account since 2005 which has a balance of \$57,543.02. True trust fund account (Fund 9) had a debit balance of \$147,248.31 which relates to Chinese grant operated by the Office of the Prime Minister which is yet to be adjusted.

The Office failed to prepare and submit the VAT Returns to Fiji Revenue & Customs Authority from March 2011 to December 2011.

### ***Office of the Prime Minister***

A variance of \$263,831.96 existed in the drawings account between the Office reconciliation and general ledger (FMIS) balance.

Eighteen of the Operating Trust Fund accounts were overdrawn as at 31/12/11.

Fiji Military Force Engineers failed to submit progress reports, acquittal reports and the final reports for two projects undertaken by them totalling \$275,435.51.

There was a lack of supporting documents to substantiate payment made through Credit Card. Credit Card payments were made after the due dates resulting in unnecessary finance charges charged by the bank.

The Office failed to examine and reconcile the credit card bank statement.

### ***Public Service Commission***

There were un-reconciled balances between Commission and FMIS records relating to Revolving Fund Account.

Lending Fund Account allocation had a credit balance of \$8,529,051. The Commission failed to provide any reconciliation for this account.

The Commission failed to deduct the provisional tax of 15% from payments made to contractors who do not provide Certificate of Exemption.

### ***Office of the Attorney General and Solicitor General***

The Office was not able to provide any details for account allocation 1-03000-00000-910000 – accumulated surplus/deficit having a credit balance of \$5,134,622.

The Operating Trust Fund Account had a balance of \$516,834. Significant portion has been carried forward from previous year, which have remained un-cleared.

Main Trust Fund Account balance of \$169,470 was recorded as Revolving Fund Account balance hence understating Main Trust Fund Account and overstating the Revolving Fund Account balance.

Continuous losses incurred by the Office in providing Film Censorship Services.

### ***Ministry of Finance***

Expenditure totalling to \$14.5 million was disbursed by the Ministry of Finance for certain Ministries/Departments for Travel and Communications, Purchase of Goods and Services and Capital Grants and Transfers through Standard Liability Group (SLG) 84. There was no acquittal or policy

guideline to support SLG 84 transactions; as such sums utilized by such Ministry/Department could not be verified.

Records to substantiate \$4.1 million for the surplus capital transferred to operating Fund Account; \$20.9 million as TMA accumulated surplus were lacking for the TMA operated by Government Printing & Stationery Department and the Fiji Procurement Office.

Records to validate the adjustment of \$867,078 in the TMA cash at bank as reflected in the TMA Balance sheet were not made available.

The Ministry failed to verify statement of acquittals to the donor funds provided for actual projects undertaken. Total donor funds disbursed for the year was \$2.3 million.

Leased vehicles incurred \$152,083 being excess mileage cost for the year ended 31/12/11. There were 115 reported Government vehicle accident cases as at 31/12/2011 of which 89 of these cases are still pending with the Solicitor General's Office totalling \$329,035.

#### ***Government Printing and Stationery Department (GPSD)***

Failure to reconcile general ledger balances to the department records has resulted in the variance of \$856,061 and \$199,521 for expenditures recorded in the Operating Fund account and the Trading & Manufacturing activity respectively.

The department has engaged the services of Quality Print Ltd for the printing of cheques totalling \$59,584 without calling for tender as required under the Fiji Procurement regulation 2010, section 30.

#### ***Fiji Procurement Office (FPO)***

A total of \$12.33 million or 10% of the total value of tenders awarded in 2011 has been waived without any correspondence of those waivers being maintained by the department.

A variance of \$2 million exists between the departmental arrears of revenue return against the FMIS general ledger balances.

The Authority to operate the Fiji Procurement Office TMA after the restructure was not made available for audit contrary to Finance Circular 10/1982.

Revolving fund account totalling \$7.7 million held by the Fiji Procurement Office were outstanding balances as at 31/12/2011 that were yet to be adjusted to respective revenue and expenditure accounts.

#### ***Information Technology and Computing Services (ITC)***

The Department has on a secondment arrangement with the Fiji National Provident Fund (FNPF) from 27/04/2011. The Memorandum of Understanding (MOU) on the terms and conditions of the secondment was yet to be finalized.

Quarterly payments in 2011 were made to Solutions for Business (Fiji) Ltd without any documentation of the work carried out.

The Department engaged Satellite Services Pty Ltd for \$123,247 in 2011 for the purchase network bandwidth of 10MB without the Tender Board approval contrary to the Procurement regulation, section 27(1).

The department does not have proper records of all equipment/items which were received through the Chinese company, Alcatel Shanghai Bell Company Limited in respect of the e-government project totalling \$45 million.

Actual cost for the construction of the new data centre could not be determined with a budget totalling \$6.97 million.

### ***Ministry of I-Taukei Affairs***

Failure to employ adequate resources for bond recovery exercise from students who absconded their studies or failed to serve their bond terms in Fiji.

### ***Ministry of Defence, National Security and Immigration***

#### ***Department of Defence***

The Department was not able to provide any details on account allocation 1-06101-00000-910000 having a credit balances of \$9,090,182.

#### ***Department of Immigration***

The Department of Immigration failed to submit the Annual Trust Fund Statement of Receipts and Expenditure in the Agency Financial Statement.

A variance of \$80,946.94 existed in the Operating Trust Fund Account balance between the Departments reconciliation and the general ledger (FMIS) balance.

An amount totalling \$1,260,897.24 has been in the account for more than 10 years and the Department failed to advertise for these refunds.

Lack of monitoring on those visitors with expired visa and permit holders while in Fiji.

### ***Ministry of Labour, Industrial Relations and Employment***

The Agency Financial Statement for the year ended 31 December 2011 submitted for audit did not include some of the Trust Fund Account balances in the Trust Fund Account Statement of Receipts and Expenditure.

A variance of \$13,891.40 was noted in the Operating Trust Fund Account balance between the Ministry's record and the general ledger (FMIS) balance.

A variance of \$324,716 existed in the OHS Trust Fund Account balance between the Ministry's record and the general ledger (FMIS) balance.

Six of the Revolving Fund Account balances have been carried forward from previous years.

Some of the clients registered under NEC and found permanent employment in 2011 did not make the 50% repayment to the Centre.

### ***Ministry of Foreign Affairs and International Cooperation***

- Some of the Operating Trust Fund Accounts balances were overdrawn as at 31/12/11.
- A variance of \$64,101.66 was noted in the Revolving Fund Account balance between the Ministry's record and the general ledger (FMIS) balance.

- Contrary to the Diplomatic Regulations, the Fiji Mission in Washington paid the cleaning cost of the former Second Secretary's residence.
- The Sydney Mission overpaid Post Allowance of AUD\$8,680.67 to the Counsellor.
- The Tokyo Mission overpaid Domestic Help Allowance of \$3,621.44 to the Ambassador.
- No gazette notification and the evidence of the annual review was provided to substantiate the payment of hardship allowance to the PNG Mission.
- The Beijing Mission continued to employ the Third Secretary even though the post was abolished through variation notice issued by the Public Service Commission.
- The First Secretary to the Brazil Mission was paid twice the post allowance resulting in overpayment of \$4,608.
- The First Secretary to the South Africa Mission was paid full representation allowance instead of one third allowance resulting in overpayment of US\$2,958.67.
- The Head of the Kuala Lumpur Mission claimed reimbursement of expenses which were personal in nature.

### ***Elections Office***

Six of the Operating Trust Fund Accounts of the Office were overdrawn as at 31/12/11.

Some of the Revolving Fund accounts of the Office had long outstanding balances carried forward from prior years.

The Office has been occupying the three floor building with current staff strength of 14 since 2006 resulting in unnecessary payment for the unutilized building space.

### ***Judiciary***

The Department as at 31/12/11 had substantial arrears of revenue of \$11,397,061, continuously increasing over the years.

Discrepancies noted in the usage of telephone lines which are cross-connected with other ministries and departments based at government buildings.

Irregularities were noted in the maintaining of Court exhibits at the Suva High and Magistrates Courts.

The Department's Account Section fails to meet the OHS requirements.

Anomaly noted in the Chief Registrars employment contract.

### ***Parliament***

Two of the Revolving Fund Accounts balances totalling \$41,359.32 have been carried forward from prior years.

A debit balance of \$29,286.89 was noted under domestic cash balance. Moreover, the Department did not prepare any reconciliation for this account.

Account number 1-12101-12101-861901 (201 PD Tax Arrears/ PAYE) had a credit balance of \$164,079.02. This account alone makes up 99% of the total Operating Trust Fund balance and has been continuously brought forward from previous years.



### ***Office of the Director of Public Prosecution***

Anomalies were noted in the salary increment paid to a Principal Legal Officer.

Cancellation of Conference to be held in 2010 resulted in the payment of \$30,862.52 to Shangri – La Fijian Report as cancellation charges.

### ***Ministry of Justice***

Prolong delay in finalising the review of companies act.

Non submission of annual returns to the Registrar of Companies Office by certain registered companies.

Non compliance with service agreement by the Post Fiji in respect to providing issuing of birth certificates service.

Lack of resources, poor tracking and weakness in the existing laws were noted in the Official Receivers Unit.

The Ministry did not have safe and secure offsite backups for its Birth, Death and Marriage (BDM) records. Non preparation of monthly blank certificate reconciliations by the BDM unit.

The Ministry failed to utilise the funds provided for the computerisation of the titles office. In addition, titles office does not have safe and secure offsite backup.

### ***Prisons and Correction Department***

The Department failed to prepare the monthly reconciliations for its Prisoners Cash Trust fund account. In addition proper records were not kept indicating lack of supervisory checks in the Accounts Section.

On the audit of Trading and Manufacturing Account, variances were noted in the Financial Management Information System (FMIS) records and the Departments records indicating lack of reconciliations and the supervisory checks performed in the Accounts Section.

Some discharged officers continued to receive their salaries after their effective date of discharge.

Anomalies were noted in the payment process such as procurements were made without the issue of a local purchase order, local purchase order was prepared after invoices were received, competitive quotations were not obtained and ITC approval for the purchase of IT equipments and applications (software) was not obtained.

### ***Ministry of Information***

Seven of the Operating Trust Fund accounts of the Ministry were overdrawn (debit balances) as at 31/12/11.

Seven of the Revolving Fund Advance accounts of the Ministry have long outstanding balances carried forward from prior years.

No further action was taken against a Ministry's officer for the loss of an official recorder worth \$1,105.16. There was a failure to maintain adequate off-site back up for archive deposits.

## ***Ministry of Strategic Planning, National Development and Statistics***

### ***National Planning Office***

An Officer was compensated for 30 days of Long Service Leave (LSL) totaling \$3,725 contrary to the approval by the Public Service Commission dated 11<sup>th</sup> January, 2011.

Late arrival at work at the Ministry contrary to section 301 of the General Order.

Capital (actual projects) expenditure in year 2011 has performed the weakest despite the highest budget allocation of \$1.1 million in year 2011. The Ministry was only able to allocate funds totalling \$586,406 or 53% of the budget.

The Ministry has not been able to determine the composition of the \$586,406 worth of projects as the Ministry did not reconcile the general ledger balances to the projects on the ground.

Non - submission of the accurate progress reports was a factor that the Ministry was not able to take strategic remedial action to avoid the failure of the two Integrated Human Resource Development Projects (IHRDP) – Nadali piggery and the Nausori bakery.

There was no memorandum of understanding between the National Center and the Ministry of Strategic Planning on how these funds are to be controlled, monitored and the accountability of the project funds.

A total of \$105,310 (3.5%) of projects with the NDP failed over the three year period from year 2009 to year 2011.

The National Planning Office (NPO) allowed payments of per diem allowances and travel advances to officers travelling overseas to attend workshops, trainings, seminars and regional forums even though these trips were fully funded by host countries.

A variance of \$20,019 existed between the Drawings accounts in the General Ledger and the Unpresented Cheque Balance Listing.

Operating Trust as at 31/12/11 had a credit balance of \$50,875, an increase by \$11,174 or 28%.

The NPO has not been deducting the PSC Scholarship repayment from staffs to the PSC for the past two years.

### ***Fiji Bureau of Statistics***

The Bureau re-engaged a retired officer for the period 04/01/2011 to 05/03/2011 without obtaining PSC approval. The officer was paid salary totalling \$17,225 without a valid contract of employment.

Of the 80 approved staff establishment for the Bureau, 34 posts are vacant as at 31/12/11.

A total of \$105,270 being accountable advance for the Sub Round 4- Employment and Unemployment Survey for 2011 was distributed amongst three officers to conduct the survey in the Central, Western and Northern Divisions. The lack of thorough checks of the retirement process exposes the funds to fraudulent activities.

### ***Ministry of Provincial Development, National Disaster Management and Sugar***

The Ministry made advance payments for the procurement of the building materials for its capital projects and the tropical cyclone Thomas rehabilitation (phase 2) projects. As such, building materials worth \$169,347 were not delivered as at the date of audit (30/04/12).

The Ministry does not have any database or record keeping system for its analysis/decision making or for follow up/tracking of the recipients of capital assistance.

In the 2011 budget, \$110,000 was provided for the construction of the Talaulia Nursing Station. The project was awarded to RFMF engineers, however the project failed to commence and the funds were returned to the Ministry of Finance.

The Vunisea Nursing Station was part of the Ministry's Public Sector Investment Programme (PSIP) for the 2011 capital budget. On 13/09/11 the payment of \$464,693 was made to Public Works Department for the construction of a 1x 4 maisonette staff quarters at the Vunisea Hospital. As at the date of audit 29/02/12 the project was incomplete and the left over funds (\$92,348) was returned to Ministry of Finance.

The Lovoni Irish crossing project was located in the village of Vunivisau and Tukuta to enable proper access to village, roads, farms and schools. The contract of the project was awarded to PWD. However, no written contractual agreement was entered nor waiver for tender was obtained from the Minister of Finance.

The proper selection process was not followed while appointing the contractor for the Delana Methodist High School project. The building materials were procured and delivered to the site and the advance payment of \$3,300 was made to the contractor; however the actual work did not commenced as at the date of audit (29/02/12).

The Ministry provided assistance to the Saint John College for the upgrading of sixteen existing quarters and the construction of a two bedroom teachers quarters. The Ministry failed to obtain prior approvals from the Health authorities which resulted in idle labour charge \$4,200 and settlement of the full payment without obtaining the certificate of completion.

Following the review of the road projects in the Northern Division it was noted that the Ministry failed to comply with its standard operating procedure requirements in selecting and evaluating the project proposals prior to commencing it.

Prolong delay in completion of the construction of the Raiwaqa Dental Clinic project and Vatukarasa Nursing Station Project resulted in the unutilised funds being refunded to the Ministry of Finance.

### ***Fiji Military Forces***

- Six of the Revolving Fund Accounts balances totaling \$2,301,296.57 have been carried forward from prior years.
- Over expenditure for SEG 1 – Established Staff of \$2,909,048 and SEG 2 - Government Wage Earners of \$394,087 was noted.
- The Board of Survey report was not provided, therefore, the Statement of Losses could not be substantiated.
- As at 31 December 2011, some of the Operating Trust Fund Accounts balances were overdrawn.
- A variance of \$1,238,948.66 was noted in the Revolving Fund Account Miscellaneous balance between the Force's record and the general ledger (FMIS) balance.

- Various irregularities were noted in the FNPF records of the Force. These relates to monies in the suspense account, undistributed contributions in the past years and outstanding surcharge on payments.
- Some officers had exceeded their leave entitlements which were not recovered before they were discharge.
- A number of officers were overpaid salary upon discharged from the service.
- The Force failed to maintain a Fixed Assets Register.
- The Force failed to maintain a debtor's register to record accountable advance given to staffs.
- The Force made payments on pro – forma invoices without obtaining approval from the Ministry of Finance.
- The Force regularly purchased stationeries from Xpress Office Supplies without obtaining tender approval.
- The Force overpaid Total Fiji Limited fuel cost amounting to \$11,532.77.
- The Accounts Section is not fully aware of how the calculation for the shipping franchise payment is carried out.
- Proper procurement procedures were not always followed by the Force when procuring goods and services.

#### ***Fiji Police Force***

- The Force failed to submit the Statement of Losses in the Agency Financial Statement.
- Over expenditure for SEG 1 – Established Staff of \$1,830,568 and SEG 5 – Purchase of Goods and Services of \$13,369 was noted.
- As at 31 December 2011, some of the Operating Trust Fund Accounts balances were overdrawn.
- A variance of \$101,484.47 was noted in the Revolving Fund Account balance between the Force's record and the general ledger (FMIS) balance and significant portion of the RFA has been carried forward from previous years.
- Proper procedures were not followed for recruiting special constables in 2011.
- Some sections of the Headquarters have officers in excess of the approved staff establishment.
- The Force has unidentified contributions of \$26,956.88 with the Fiji National Provident Fund.
- Certain officers left the Force without giving written notice and clearing their arrears.
- A number of officers were overpaid salary upon retirement, termination and dismissals.
- Some officers were occupying institutional quarters without paying rent equivalent to 8% of their basic salary.
- The total expenditure incurred for the extension of the Tukavesi Police Station exceeded the tender amount by \$6,692.20.
- The Force failed to obtain approval from the Ministry of Finance before transferring funds from the operating fund to the Police Sports Trust Fund Account.
- The Force overspent certain allocations amounting to \$125,769.18 and incurred negative expenditure in various allocations amounting to \$245,600.29.
- Expenses incurred in SEG 5 – Witness and Interpretation allowance and SEG 7 – Special Agents allowance were not applied for the purpose for which it was authorised.
- Supporting documents were not attached to the payment vouchers to substantiate payments made to the suppliers.
- On numerous occasions, the Force failed to obtain competitive quotations for purchases of goods and services.

- Several unaccounted exhibits items were kept at the Samabula and Nausori Police Station.
- Various vehicles have been grounded for a long period of time at the Transport Pool without maintenance work.
- No recovery for the damages to motor vehicles involved in accidents has been instigated against the drivers found to be at fault.

### ***Ministry of Education***

Expenditure totalling \$1,350,507 incurred in 2011 was not included in the Ministry's Financial Statements for the year ended 31/12/11. These were posted to the Prepaid Expenses accounts in the Revolving Fund Account. These expenses were carried forward and out of \$1,350,507 the Ministry cleared \$1,015,381 in 2012 financial year. The balance of \$335,126 remained uncleared as at the date of audit on 9/5/12.

There was a significant increase in Ministry's total amount of unpresented cheques in 2011. The total amount of cheques unpresented as 31/12/11 was \$1,347,618 which increased by \$814,005 or 153% compared to 2010.

### ***Ministry of Health***

The Ministry overspent its payroll allocations by \$14,498,121.48 as at 31/12/11 despite having 96 established and 276 un-established positions vacant.

Ministry's staff owed a total of \$99,771.94 to the Ministry as at 31/12/11.

A total of \$143,150.49 was paid in overtime wages to 11 casual employees, which comprises 137% of their normal wages of \$104,492.96; and that the employees worked for 81- 112 hours per week.

Ministry purchased several laundry equipments from ACLEPL in Australian in 2010 costing \$2.7m. The Ministry was not able to provide the total number units purchased, total number received, cost per unit, amount paid and amount outstanding to the supplier and additional costs incurred for storage and installation including site preparation up to end of 2011.

The Ministry spent only \$43,263.24 or 10.3% from the total allocation of \$420,000 for the purchase incinerator. A total of \$289,893 or 69% from this allocation was vired out to meet other expenses and that the incinerator bought for CWM Hospital was yet to be installed.

The Ministry did not call for tenders for the repair works carried out at the Rotuma Hospital at cost of \$80,570 by the Ministry of Works.

The Ministry made regular purchases of groceries and laundry products totaling \$547,159.63 during the year from suppliers other than those approved by the Government Tender Board.

The Ministry paid a total of \$258,118 during 2011 for litigation claims due to negligence by medical professionals which was \$58,118 or 29% more than the budgeted sum of \$200,000.

The Ministry held expired drugs to the value of \$1,518,435.50 in its stock as at 31/12/11.

The Ministry paid a total of \$1,791,365.10 to the Ministry of Works for various capital works carried out during 2011 however tenders were not called.

The Ministry spent \$149,570.69 in 2011 to repair the boiler at the Labasa Hospital which was not fully operational.

Ministry did not utilize \$340,000 allocated in its budget for the purchase of water tanks and sanitations for villages and communities in the Northern Division.

### ***Ministry of Local Government, Urban Development, Housing and Environment***

A variance of \$1,205,664 was noted between the department main trust fund account general ledger balance and the bank statement balance.

Proper bonding was not carried out for officers studying overseas. Bonding documents did not have the following: the bond amount, Officer not signing the bond documents, PSC approval was not submitted. Total bond obligation to Officer Mr. Raratabu was \$430,215.46. Total Bond obligation to Officer Mr. Tikoduadua was \$225,610.81

Multiworks Civil engineering and Building Contractors (MCEBC) was supposed to pay performance bond of 10% of the total bond or \$205,406.27. However the contractor provided only \$50,000 as performance bond.

The Ministry made second progress payment of \$358,997.52 to the contractor (Multiworks Civil Engineering and Building Contractors) on 8/12/11, even though some of the work was incomplete.

The Ministry did not call for tenders for the erection of nine billboards around Viti Levu costing \$76,194.

### ***Ministry of Social Welfare, Women and Poverty Alleviation***

There was a balance of \$1,600,000 in the Revolving fund account as at 31/12/11. Of this, \$1.4m reflected in the Ministry's Revolving Fund account was carried forward balances from previous years. Even though approval was given by the Ministry of Finance to write off \$1.4 million or 87.5% of \$1,600,000, no effort was taken by the Ministry of to clear the balance.

The Ministry's Operating Trust Fund account was overdrawn by \$106,306.59 as at 31/12/11.

### ***Department of Youth and Sports***

The Department purchased sports equipments totaling \$77,042 from JR White at regular basis in 2011, however tenders were not called.

### ***Department of Agriculture***

The Trading and Manufacturing Account incurred a loss of \$587,148 in its operation for the year ended 31 December 2011.

Adjustments were made to the Trading and Manufacturing Account during the year for which appropriate supporting documents were not provided for audit verification.

Trading and Manufacturing Account bank reconciliation was not prepared as per required/standard bank reconciliation. The total receipts and payments were obtained from bank statement to perform cash book reconciliation. Hence the Department was only reconciling bank records against the General Ledger (FMIS) records.

A variance of \$97,211.31 was noted between the Department's TMA cash at bank balance and the cash balance reported in the General Ledger (FMIS) as at 31 December 2011.

The operating trust fund account had several accounts with an overdrawn balance totalling \$1,409,903 as at 31 December 2011.

The Land and Water Resource Management trust fund receipts and payments figures could not be substantiated as relevant supporting documents were not provided for audit verification.

The audit was not able to perform independent bank reconciliation for cash balance for the year as bank statements for November and December were missing hence the cash at bank balance amounting to \$551,147.77 could not be verified.

Retention monies kept in the trust fund account totalling \$314,938.02 was utilized by the Land and Water Resource Management Division to meet payments of its operating and capital expenditure items.

Officers awarded with Fijian Affairs Board scholarship to pursue studies in Agricultural Science had absconded while serving their bond obligation; therefore the guarantors are obliged to pay off the owed amount to the government.

Appropriate approval was not obtained from the Public Service Commission to remunerate an officer outside the approved salary range.

Local Purchase Order was not issued to carry out motor vehicle maintenance work.

Relevant supporting documents were not attached to the payment vouchers as evidence of goods and services received. Therefore audit could not determine whether the services were rendered.

Funds allocated for Coconut Development Programme, Rural and Outer Island and Value Added Tax were used to meet other operating expenditures.

### ***Department of Fisheries and Forests***

TMA adjustments amounting \$118,815.23 were made to the account during the year, however, the documents to support these adjustments were not provided for audit verification.

A variance of \$16,148.80 was noted between the Department of Forestry TMA cash at bank balance and the cash balance reported in the FMIS as at 31/12/11.

TMA receipts and payment totalling \$25,104.46 and \$43,040.61 were disclosed in the TMA bank reconciliation as amounts not posted to the FMIS general ledger as at 31/12/11, however, the documents to support these amounts were not attached and provided for audit verification; hence the balance reflected in the FMIS general ledger at year end was understated.

All receipts and payments were reflected in the Trust Accounts Statement of Receipts and Payments as 1/3 Subsidy Receipts/Payments although some of receipts and payments were not related to 1/3 subsidy scheme.

On numerous instances payments were made on quotations or pro-forma invoices without obtaining prior approval of Ministry of Finance.

The Department paid a total sum of \$25,405 to Tessa Transport for providing transportation services for the Vanuabalavu Fisheries Station without a Service Level Agreement.

Contrary to the approval from the Government Tender Board, the Department purchased general food items from other companies.

Provisional tax of 15% totalling \$8,288.24 was not deducted from the contractors engaged to provide services.

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

The audit of the 2011 accounts of the Ministry resulted in the issue of a qualified audit report due to non submission of the Trust Account Statement of Receipts and Payments contrary to Section 71 (1) of the Financial Instructions 2010.

The arrears for Crown Land Lease for the year ended 31 December 2011 has increased by \$5,792,625.64 or 43% compared to that of 2010.

The reassessments of crown leased property were not carried out by the Department on the due dates specified in the lease conditions.

Crown leases which have expired were not renewed on time and the Ministry continued to charge lease rental and also receive lease rental payments from expired leases.

Crown leased property classified as residential type, commercial and industrial terms and lease conditions has been breached by the lessee.

Post Fiji Limited collects crown lease revenue on behalf of the Department of Lands and Survey without a Service Level Agreement.

The driver's negligence and poor decisions washed the GP058 new Toyota Hilux 4wd twin cab in the Wainibuka River after attempting to cross the overflowed bridge.

A Yamaha 2 x 150 horse power Vessel named RV Yautalei was not properly maintained and not even registered with Fiji Island Maritime Safety Administration (FIMSA).

### ***Ministry of Industry and Trade***

An accountable advance of \$60,000 taken by the former Principal Accounts Officer for the Shanghai Expo in 2010 was not being acquitted accordingly as required in the legislations including a laptop worth \$3,000 that was reported stolen without a Fiji Police Force report provided to the Ministry.

The Department of Co-operatives and Small Businesses did not have the trust account reconciliations for 2010 and 2011.

The Ministry exceeded the stipulated amount in the Contract of Service paid to Art and Soul by \$6,448.50.

### ***Ministry of Public Enterprises, Tourism and Communications***

The audit of the 2011 accounts of the Ministry resulted in the issue of a qualified audit report due to non submission of the Trust Account Statement of Receipts and Payments contrary to Section 71 (1) of the Financial Instructions 2010.



The Ministry's office space on Level 3 of the Civic Towers Building that comprised a total area of 7,508 square feet with a rental levy of \$8,446.50 per month was not fully utilised during the year and Government has paid rent of \$23,635.50 for this unutilised office space during this period.

### ***Ministry of Works and Transport***

The operations of the TMA should be improved. Most TMA have continuously operated at substantial losses. Accounting records were inadequate to provide sufficient appropriate audit evidence to substantiate the balances reported in the financial statements of the TMA.

The reliability of information provided through the reconciliation of accounts was doubtful as there were variances noted between the various reconciliations prepared by the Ministry and the balances reflected in the General Ledger (FMIS).

Circumventions of procurement and payment procedures were prevalent as in previous years, increasing the risk of fraud and mismanagement of public funds.

Record keeping should be improved across the Ministry including Divisional Engineers and Depots. Misplacing of accounting records was a common occurrence.

The inadequate and poor maintenance of stores records, including fixed assets was widespread. In many instances, goods/inventories received and issued out by the stores were not recorded.

Monitoring for compliance of contracts with suppliers of goods and services to the Ministry before payments are effected should be improved.

### ***Department of Works***

No proper approval was obtained in the FMIS journal adjustment to write off debtors totalling \$33,703,172.

Issue prevalent in 2009 continued to surface in 2011 when Arrears of Revenue Returns were still yet to be prepared and Department's revenue on electricity were still charged to Provincial Development.

TMA Accumulated surplus balance of \$1,540,369 and TMA surplus of \$4,006,478 could not be substantiated

VAT payable as at 31/12/11 was \$3,058,423, this indicate that the Department failed to debit the liability account.

There was a variance of 1,405,133.96 between Department's TMA cash at bank balance and the FMIS balance as at 31/12/11.

Tender Board approval was not obtained for purchase of diesel from Pacific Energy SWP Ltd for a total sum of \$50,543.33.

Advance payments were made to Total (Fiji) Ltd to facilitate the supply of fuel and oil.

DEW is yet to complete a number of projects earmarked for 2011.

Number of project workers engaged by DEW exceeded the number approved by PSC.

TMA funds totaling \$9,199.14 were used to fund the IDC jobs.

Items purchased for Joinery Workshop and Plumber Shop were not recorded in the ledger/stock cards.

DECE made an advance payment of \$66,864 to SCIL for the supply of ready mix concrete and gravel for the construction of Wainiyavu Irish Crossing.

#### ***Department of Transport***

Charges not related to the department were still been posted to the department's allocation.

#### ***Department of Meteorological Services***

Trust Fund Account had a variance of \$15,191.03 between the department record and the FMIS record.

Trust Fund Account was overdrawn by \$101,712.64. JICA trust account had a debit balance of \$78,556 outstanding since 2006. VAT arrears of \$600,000 were been cleared against expenditures other than VAT.

#### ***Department of Roads***

The budgetary provisions for capital projects were overspent by a total of \$2,341,018.00 as at 31/12/2011.

#### ***Ministry of Public Utilities and Energy***

##### ***Department of Water and Sewerage***

The Department's Operating Trust Fund account was over stated by \$1,345,014. These were security deposits which are main trust received from the contractors engaged in the water and sewerage projects totalling \$1,345,014 that is maintained in the Department's Operating Trust Fund account.

The department had two drawings accounts with debit balances that were being carried forward over the years. These balances amounted to \$1,695,982 which resulted in the debit balance in the Department's Drawings account.

The Department had Revolving Fund account balance of \$594,560 as at 31/12/11. Of this amount, \$524,004 was carried forward balances from previous years which constitute payments made but yet to be retired and recorded as expenditure in previous years or cheques receipted which were dishonored.

##### ***Department of Energy***

The Department's main Trust Fund account was overdrawn by \$311,255 as per the main Trust Fund account reconciliation as at 31/12/11. However, there was cash available in the Trust Fund bank account totalling \$523,992 as at 31/12/11.

The Department failed to submit its main Trust Fund account statement of receipts and payments contrary to section 71(1) (g) of the 2010 Finance Instructions.



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## **VOLUME 2**

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**Section 1****Office of the President****Roles and Responsibilities**

The Office of the President provides the necessary administrative support to His Excellency the President in the performance of His constitutional functions. The President is vested with the Executive Authority of the State and is the Commander-in-Chief of the Republic of Fiji military Forces and the Chancellor of the Order of Fiji. In addition to the constitutional and ceremonial roles, the office plays a symbolic role in the promotion of national reconciliation to bring unity among the different ethnic groups in Fiji.

The targeted outcome(s) and output(s) in relation to the above responsibilities are illustrated below:

**Maintain Law & Order and Uphold the Rule of Law Effectively and Efficiently**

- Portfolio Leadership Policy Advice and Secretariat Support.

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**PART A: FINANCIAL STATEMENT****1.1 Audit Opinion**

The audit of the 2011 accounts of the Office of the President resulted in the issue of an unqualified audit report. However, the attention of management was drawn to the following matters:

- The Office failed to prepare and submit VAT returns to FRCA from March 2011 to December 2011.
- The Statement of Losses (other than money) could not be substantiated as a Board of Survey was not carried out in 2011.

**1.2 Statement of Receipts and Expenditures**

The Office of the President incurred a total expenditure of \$1,215,199 in 2011. Refer Table 1.1 for details.



**Table 1.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established Staff	364,780	359,307
Government Wage Earners	200,354	162,868
Travel & Communications	259,042	187,028
Maintenance & Operations	244,932	237,126
Purchase of Goods & Services	32,739	37,676
Special Expenditures	21,359	5,479
<b>Total Operating Expenditure</b>	<b>1,123,206</b>	<b>989,484</b>
<b>Capital Expenditure</b>		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants and Transfers	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>
Value Added Tax	91,993	53,768
<b>TOTAL EXPENDITURES</b>	<b>1,215,199</b>	<b>1,043,252</b>

Total expenditure increased by \$171,947 or 16% in 2011 compared to 2010. The increase was mainly due payment of leave compensation for the retirees, accommodating vacancies in the cadre and increase in overseas trips by the President.

### 1.3 Appropriation Statement

The Office of the President incurred expenditure totalling \$1,215,199 in 2011 against the budget of \$1,419,358 resulting in a savings of \$204,159 or 14%.

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

**Table 1.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	496,864	0	496,864	364,780	0	132,084
2	Government Wage Earners	173,252	0	173,252	200,354	0	(27,102)
3	Travel & Communications	249,400	0	249,400	259,042	0	(9,642)
4	Maintenance & Operations	302,377	0	302,377	244,932	0	57,445
5	Purchase of Goods & Services	86,675	0	86,675	32,739	0	53,936
7	Special Expenditures	13,100	0	13,100	21,359	0	(8,259)
	<b>Total Operating Expenditure</b>	<b>1,321,668</b>	<b>0</b>	<b>1,321,668</b>	<b>1,123,206</b>	<b>0</b>	<b>198,462</b>
13	Value Added Tax	97,690	0	97,690	91,993	0	5,697
	<b>TOTAL EXPENDITURE</b>	<b>1,419,358</b>	<b>0</b>	<b>1,419,358</b>	<b>1,215,199</b>	<b>0</b>	<b>204,159</b>

## **PART B: AUDIT FINDINGS**

### **1.4 Board of Survey**

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register provided that, for agencies that have, in the opinion of the Permanent Secretary a large asset base, the board of survey to be conducted on a cyclical basis so that all assets are checked every three years.<sup>1</sup>

All assets which are not accounted for in the board of survey must be investigated to determine the appropriate recovery or write-off action.<sup>2</sup>

The Office failed to carry out a Board of Survey since 2009.

Without a Board of Survey report, the Statement of Losses (other than money) cannot be substantiated.

Failure to carry out the Board of Survey is a breach of Finance Instructions.

#### **Recommendation**

**The Office should ensure that a Board of Survey is carried out annually in accordance with Section 49 of the Finance Instructions 2010.**

#### **Office Comments**

*The Office of the President will ensure that an Annual Board of Survey is conducted in accordance with Section 49 of the Finance Instructions 2010.*

### **1.5 Revolving Fund Account – Miscellaneous**

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

Our audit of the Revolving Fund Miscellaneous Account (RFA) noted the following discrepancies:

- The Office failed to prepare the monthly reconciliation statement since 2005. The RFA Account had a balance of \$266,963.44 as at 31/12/11.

Failure by the Office to prepare reconciliations on a monthly basis has limited the scope of audit to substantiate these balances.

- It was further noted from the general ledger (FMIS) that a significant portion of the RFA balance have been carried forward from previous years. Refer Table 1.3 for details

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<sup>1</sup> Finance Instructions 2010 – Section 49 (1)

<sup>2</sup> Finance Instructions 2010 – Section 49 (2)

<sup>3</sup> Finance Instructions 2010 – Section 44 (3)

<sup>4</sup> Finance Instructions 2010 – Section 44 (4)

**Table 1.3: Long Outstanding items under RFA**

Allocation	Description	Amount (\$)
1-01101-01101-560203	AR Individuals	(16,394.90)
1-01101-01101-560302	Employee Advances	98,171.11
1-01101-01999-560302	Employee Advances	90,124.79
1-01101-60101-560302	Employee Advances	(85,586.93)
1-01102-01999-560302	Employee Advances	(492.46)
1-01201-61999-560302	Employee Advances	7,594.35
1-01101-01101-570101	Prepaid Expenses	83,730.97
1-01101-01999-570101	Prepaid Expenses	32,590.47
1-01101-01101-570301	Advances	42,725.66
1-01101-01999-570301	Advances	35,651.76

The above balances are unnecessarily overstating the RFA balances.

### **Recommendations**

- The Office should ensure that the Revolving Fund Account is reconciled with FMIS on a monthly basis and any variances noted are adjusted accordingly.
- The Office should take immediate actions to clear all long outstanding items reflected under RFA.

### **Office Comments**

*The Office of the President is taking steps to address this issue. In July 2012, an Accounts Officer was seconded from Ministry of Finance to assist and train staff in the preparation of monthly reconciliations and clearance of outstanding items in the RFA.*

## **1.6 Overdrawn Operating Trust Fund Accounts**

Trust fund accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, trust money is to be accounted for separately from public money and other money,<sup>5</sup> and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.<sup>6</sup>

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items should be investigated and resolved promptly.<sup>7</sup>

As at 31 December 2011, the following operating Trust Fund Accounts had overdrawn balances:

**Table 1.4: Overdrawn Trust Fund Accounts**

Allocation	Description	Amount (\$)
1-01000-00000-860000	Deposits and Retention Money	23,160.48
1-01000-00000-861500	Union and Association	1,048.50

<sup>5</sup> Financial Management Act 2004 – Section 25 (1)

<sup>6</sup> Finance Circular No. 4/98 of 30/03/98

<sup>7</sup> Finance Instructions 2010 – Section 58 (3)

Allocation	Description	Amount (\$)
1-01000-00000-861900	Others	25,903.42
1-01000-00000-890000	Miscellaneous Fund	34,382.54

The overdrawing of Operating Trust Fund Accounts may have resulted from incorrect journal entries passed to these accounts or through mispostings.

The overdrawn trust fund accounts more or less are tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

### **Recommendations**

- **The Office should ensure that the trust account is not overdrawn at any point in time in accordance with Finance Circular 4/98.**
- **The Office must investigate these overdrawn (debit) trust fund accounts and take appropriate action.**
- **Internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

### **Office Comments**

*Comments have been noted and as stated above, the Office of the President is now addressing this issue after obtaining assistance from the Ministry of Finance.*

## **1.7 Trust Fund Account Reconciliations**

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.<sup>8</sup>

Review of the trust fund account revealed the following discrepancies:

- The Office failed to prepare the monthly reconciliation statement since 2005. The Trust Account had a balance of \$57,543.02 as at 31/12/11.
- True trust fund account (Fund 9) under the Office of the President had a debit balance of \$447,248.31. The balance is for Chinese Grant operated by the Office of the Prime Minister and is yet to be adjusted.

The non-preparation of monthly reconciliation statements indicates laxity on the part of the Accounts Officers, which has attributed to the above balances in the trust fund account. This issue has been raised in the previous year's audit report; however, no corrective action has been taken by the Office to rectify this issue.

### **Recommendation**

**The Office should reconcile the Trust Fund account with FMIS on a monthly basis and any variance noted should be adjusted accordingly.**

<sup>8</sup> Finance Instructions 2010 – Section 58 (3)

**Office Comments**

*Comments have been noted and this issue is now being addressed.*

**1.8 Non-Lodgement of VAT Returns 2011**

Every registered person shall on or before the last day of the month following the last day of every taxable period, without notice or demand furnish to the Commissioner a tax return in such prescribed form as may be approved by the Commissioner.<sup>9</sup>

The Office failed to prepare and submit the VAT Returns to FRCA from March 2011 to December 2011.

As a result, audit was unable to substantiate the accuracy of VAT payments made during the year.

Non-lodgement of VAT returns will lead FRCA to charge late lodgement penalties.

**Recommendation**

**VAT returns should be submitted to FRCA in accordance with Section (33) of the VAT Decree.**

**Office Comments**

*Comments have been noted for compliance.*

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<sup>9</sup> Section 33 of the 1991 VAT Decree – Revised on 30/04/03

**Section 2****Office of the Prime Minister and Public Service Commission****Roles and Responsibilities****Office of the Prime Minister**

The primary role of the Prime Minister's Office is to provide sound policy and administrative support to the Prime Minister and to the Cabinet. The Prime Minister's Office has a central place in facilitating the decision-making responsibility of Cabinet and in ensuring the implementation of Government's policies. These responsibilities are undertaken through activities within the Prime Minister's Office, namely Administration and the Cabinet Office. The administration of Poverty Alleviation Programme through housing assistance grants and seed grants for Income Generating Projects to eradicate poverty are also relevant in this regard.

**Public Service Commission**

The Public Service Commission under the State Services Decree 2009 No.6 acts as a central Agency that is responsible for the effective management and development of human resources; organizational and systems management and continuous improvement of the public services.

The Commission, under the Decree No. 6 subject to subsections 2, 3, 4 and 5 of this Section has the following functions:

- a) To make appointments;
- b) To remove persons from public offices;
- c) To take disciplinary action against holders of public offices.

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## PART A: FINANCIAL STATEMENT

### 2.1 Audit Opinion

The audit of the 2011 accounts of the Office of the Prime Minister and Public Service Commission resulted in the issue of a qualified audit report. The following issues were qualified:

- A variance of \$106,363 existed in the Taiwan Grant Trust Fund Account between the Office record and FMIS record. As a result I was not able to ascertain that all receipts and payments had been accurately accounted and disclosed in this account.
- A variance of \$72,133 existed in the Chinese Grant Trust Fund Account between the Office record and FMIS record. As a result I was not able to ascertain that all receipts and payments had been accurately accounted and disclosed in this account.

The attention of management was also drawn to that the Statement of Loss (other than money) could not be substantiated as a Board of Survey was not done in 2011 and FNPF and VAT payments could not be reconciled to the accounts.

### 2.2 Statement of Receipts and Expenditures

The Office of the Prime Minister and Public Service Commission collected revenue totalling \$296,744 and incurred a total expenditure of \$53,834,934 in 2011.

**Table 2.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
State Revenue	5,075	696,591
Agency Revenue	291,669	122,014
<b>TOTAL REVENUE</b>	<b>296,744</b>	<b>818,605</b>
<b>EXPENDITURE</b>		
<b>Operating Expenditure</b>		
Established Staff	5,779,916	5,064,738
Government Wage Earners	430,423	442,782
Travel & Communications	720,116	610,599
Maintenance & Operations	25,140,566	495,352
Purchase of Goods & Services	443,840	431,187
Operating Grants & Transfers	13,256,840	10,307,310
Special Expenditures	735,955	751,986
<b>Total Operating Expenditure</b>	<b>46,507,656</b>	<b>18,103,954</b>
<b>Capital Expenditure</b>		
Construction	927,607	1,432,710
Purchase	915,630	627,134
Grants & Transfers	1,193,210	1,249,888
<b>Total Capital Expenditure</b>	<b>3,036,447</b>	<b>3,309,732</b>
Value Added Tax	4,290,831	227,807
<b>TOTAL EXPENDITURE</b>	<b>53,834,934</b>	<b>21,641,493</b>

Revenue collection declined by \$521,861 or 64% in 2011 due to the opening of Government Quarters Trading and Manufacturing Account whereby all rental revenue were credited to Trading and Manufacturing Account instead of the revenue allocation.

Total Expenditure increased by \$32,193,441 or 149% in 2011 compared to 2010 due to increases in the following:

- Established staff costs increased by \$715,178 or 14% due to the increase in staff establishment and payment of leave compensation;
- Travel and communications costs increased by \$109,517 or 18% due to increases in travel costs for staff going on official visits outside Suva and communication costs;
- Maintenance and operations costs increased by \$24,645,214 or 4,975% due to Public Service Commission given an additional responsibility in 2011 to take care of the payment of government rented quarters and office accommodation. This was also due to increase in costs of fuel and oil, maintenance of vehicles and increase costs for office stationeries;
- Operating Grants and Transfers costs increased by \$2,949,530 or 29% due to increase in grants for Scholarships and also due to the Multi-Ethnic Scholarship Unit merging with Public Service Commission.

## 2.3 Appropriation Statement

The Office of the Prime Minister and Public Service Commission incurred expenditure totalling \$53,834,934 in 2011 against the budget of \$55,411,993 resulting in a savings of \$1,577,059 or 3%.

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

**Table 2.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	6,028,684	(147,500)	5,881,184	5,779,916	0	101,268
2	Government Wage Earners	414,493	47,500	461,993	430,423	0	31,570
3	Travel & Communications	740,136	42,500	782,636	720,116	0	62,520
4	Maintenance & Operations	21,395,480	4,176,079	25,571,559	25,140,566	0	430,993
5	Purchase of Goods & Services	531,899	(21,800)	510,099	443,840	0	66,259
6	Operating Grants & Transfers	15,319,900	(2,027,754)	13,292,146	13,256,840	0	35,306
7	Special Expenditures	903,100	(30,000)	873,100	735,955	0	137,145
	<b>Total Operating Costs</b>	<b>45,333,692</b>	<b>2,039,025</b>	<b>47,372,717</b>	<b>46,507,656</b>	<b>0</b>	<b>865,061</b>
	<b>Capital Expenditure</b>						
8	Construction	1,000,000	0	1,000,000	927,607	0	72,393
9	Purchase	500,000	579,054	1,079,054	915,630	0	163,424
10	Grants & Transfers	300,000	1,300,000	1,600,000	1,193,210	0	406,790
	<b>Total Capital Expenditure</b>	<b>1,800,000</b>	<b>1,879,054</b>	<b>3,679,054</b>	<b>3,036,447</b>	<b>0</b>	<b>642,607</b>
13	Value Added Tax	3,760,510	599,712	4,360,222	4,290,831	0	69,391
	<b>TOTAL EXPENDITURE</b>	<b>50,894,202</b>	<b>4,517,791</b>	<b>55,411,993</b>	<b>53,834,934</b>	<b>0</b>	<b>1,577,059</b>

In 2011, Cabinet approved the redeployment of \$4,517,791 to Office of the Prime Minister and Public Service Commission budget from other Ministries and Departments.

## 2.4 Statement of Losses

The Office of the Prime Minister and the Public Service Commission did not report any loss of money or assets during the financial year ending 31/12/11.



## 2.5 Trust Account Statement of Receipts and Payments

The Office of the Prime Minister utilized \$204,527 in 2011 from the Chinese grant for various projects selected by the Office. Refer to *Appendix 2.1* for details.

In addition, on 26/09/11 the Prime Minister's Office received Taiwan Grant of USD500,000 equivalent to FJD897,173. The Office utilized \$140,729 from Taiwan Grant on various projects selected by the Office. Refer to *Appendix 2.2* for details.

## 2.6 Trade and Manufacturing Account (TMA) – Government Quarters

**Table 2.3: Income Statement**

	2011 (\$)
<b>Income</b>	
Rental Income	3,738,428
<b>Total Income</b>	<b>3,738,428</b>
<b>Expenditure</b>	
Maintenance and Operations	553,066
Purchase of Goods and Services	837,342
Special Expenditure	27
VAT	127,532
<b>Total Expenditure</b>	<b>1,517,967</b>
<b>Net Profit</b>	<b>2,220,461</b>

**Table 2.4: Balance Sheet**

	2011 (\$)
<b>Asset</b>	
Cash at Bank	2,951,963
<b>Total Asset</b>	<b>2,951,963</b>
<b>Liability</b>	
Deposits and Deductions	231,502
<b>Equity</b>	
Accumulated Fund	2,720,461
<b>Total Equity and Liability</b>	<b>2,951,963</b>

## PART B: AUDIT FINDINGS

### OFFICE OF THE PRIME MINISTER

#### 2.7 Drawings Account Reconciliation

All bank account must be reconciled monthly. The bank reconciliation shall list the outstanding cheques and other reconciling items and be signed and dated by the responsible officer.<sup>1</sup>

A variance of \$263,831.96 was noted in the drawings account between the Office reconciliation and general ledger (FMIS) balance. Refer Table 2.5 below for details.

<sup>1</sup> Finance Instructions 2010 – Section 32 (6)

**Table 2.5: Variance between FMIS and Office Reconciliation**

Description	Amount (\$)
FMIS (1-02103-00000-530000)	832,305.18
Office's Reconciliation	568,473.22
Variance	263,831.96

The Office also failed to reconcile drawings account balances to its actual unrepresented cheque list and was not able to provide details of unreconciled variances to determine the unrepresented cheques for following months.

**Table 2.6: Unreconciled Variance in Drawings Account**

Month	Opening Balance (\$)	Cheques Issued (\$)	Cheques Presented (\$)	Unreconciled Variance (\$)	Actual Unrepresented Cheque List (\$)
August	196,824.24	602,974.21	702,476.86	22,035.85	119,357.44
September	119,357.44	637,184.98	634,572.54	18,706.41	140,676.29
October	140,676.29	792,318.32	806,523.07	524.70	126,996.24
November	126,996.24	851,563.26	775,070.17	(2,986.00)	200,503.33
December	200,503.33	1,938,548.69	1,626,692.53	56,113.73	568,473.22

### **Recommendations**

- The Office should reconcile its monthly drawings Account reconciliation with the general ledger (FMIS) balance and any variance noted should be adjusted accordingly.
- Internal control procedures such as supervisory checks in the Accounts Section should be strengthened to avoid such discrepancies.

### **Office Comments**

*The Office has taken note of the recommendation and will ensure the process is strictly adhered to.*

## **2.8 Overdrawn Trust Fund Accounts**

Trust Fund Accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, Trust money is to be accounted for separately from public money<sup>1</sup> and other money,<sup>2</sup> and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.<sup>3</sup>

The Office's following operating trust fund accounts were overdrawn as at 31/12/11:

**Table 2.7: Overdrawn Trust Fund Accounts**

Allocation	Description	Amount (\$)
1-02101-02999-861104	Housing Authority Deductions	258.65
1-02101-02999-861202	CML Deductions	147.33
1-02101-02999-861204	LICI Deductions	45.26

<sup>2</sup> Section 25 (1) of the Financial Management Act 2004

<sup>3</sup> Finance Circular No. 4/98 of 30/03/98

Allocation	Description	Amount (\$)
1-02101-02999-861206	246 PD Marsh & McLennan	18.44
1-02101-02999-861306	263 PD Housing Authority	51.75
1-02101-02999-861511	301 PD FPS Credit Union	16.00
1-02101-02999-861533	Wesram Finance	30.00
1-02101-02999-861599	xxx PD Others	2.50
1-02101-02999-861602	342 PD Maint-Nausori	40.00
1-02101-02999-861701	357 PD Rates-Suva	25.00
1-02101-02999-861901	PAYE	1,180.20
1-02102-02999-861202	241 PD CMLA	15.71
1-02102-02999-861601	341 PD Maint-Suva	12.00
1-02102-02999-861901	201 PD Tax Arrears /PAYE	603.37
1-02201-61999-861106	390 PD Gov Water Rates Chrgs	223.00
1-02201-61999-861204	244 PD - LICl	53.29
1-02201-61999-861902	204 PD Deposit A/C Recoverable	93.98
1-02201-61999-861920	501 PF Employees - FNPF	14,452.81
<b>Total Overdrawn</b>		<b>17,269.29</b>

The overdrawing of Operating Trust Funds Account could have resulted from incorrect journal entries passed to these accounts or through mis-postings.

The overdrawn Trust funds are more or less tantamount to unauthorised expenditures. It indicated lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

### **Recommendations**

- **The Office must ensure that the Trust Funds are not overdrawn at any time.**
- **It must investigate these overdrawn Trust Funds and take appropriate action.**
- **Internal Control procedures such as supervisory checks in the Accounts Section should be strengthened to avoid such anomaly.**

### **Office Comments**

*The Office has taken into consideration audit recommendation.*

## **2.9 Non Submission of Acquittals**

Where required under Finance Instruction 16-(8), the recipient shall prepare an acquittal report. The acquittal report shall provide the following information:

- details of grant money expended and unexpended;
- grant objectives and targets achieved;
- financial statement (audited if practicable) for grants of \$20,000 or more.<sup>4</sup>

The Commanding Officer shall inspect and submit work progress on the second week of the next month to the Permanent Secretary, Office of the Prime Minister. Submit financial acquittals to the Permanent Secretary, office of the Prime Minister on the funds located and utilized on the project. Submit a final report on substantial completion of the project within two weeks after the completion of the project.<sup>5</sup>

<sup>4</sup> Office Finance Manual – Section 3.3.1

<sup>5</sup> Memorandum of Understanding between Office of the Prime Minister and Fiji Military Forces Engineers – Clauses 6-8

For the following two projects undertaken in 2011, progress reports, acquittal reports and the final reports were not submitted to the Office by the Fiji Military Force Engineers:

**Table 2.8: Acquittal Reports not Submitted**

Project Type	Total Cost (\$)
Completion of partly constructed classroom block at Krishna Janardhan Primary School, Deepwater Tailevu	90,288.60
Renovation/upgrading & the construction of new ablution block at Saint Vincent College in Natovi.	185,146.91

The non-submission of acquittal report together with relevant details makes it difficult to authenticate whether the grants have been used for its intended purposes.

### **Recommendations**

- The Office should ensure that acquittals are submitted on a timely basis and is adequately supported with appropriate and valid documents.
- The Office should consistently follow up and send reminders to the recipients for the submission of acquittals.

### **Office Comments**

*The Office has taken note of Audit recommendation and will ensure that consistent follow up are taken with the submission of acquittals.*

## **2.10 Vehicle Quarterly Reports Not Prepared**

The Senior Assistant Secretary (Administration) shall prepare a quarterly vehicle report on all agency vehicles. The vehicle report must be prepared no later than one week after the end of the quarter.<sup>6</sup>

A copy of the report shall be forwarded to the Ministry of Finance no later than two (2) weeks after the end of the quarter.<sup>7</sup> PM's Office has a current fleet of 18 vehicles.

The PM's Office did not submit the quarterly return for any of its vehicles in 2011 to the Ministry of Finance. Discussions with the Acting Principal Administrative Officer revealed that the vehicle records are not updated due to lack of staff, and most of the drivers were not updating the running sheets.

This finding indicated the laxity by the Officer In Charge for not preparing the vehicle quarterly returns as required under the Finance Manual.

The issue was also raised in the previous audit memorandum; however, the Office is yet to take any corrective action to rectify this issue.

### **Recommendation**

**PM's Office must prepare a vehicle quarterly report and submit to Ministry of Finance as required by Section 12.7 of the Finance Manual 2011.**

<sup>6</sup> Office Finance Manual – Section 12.7.1

<sup>7</sup> Office Finance Manual – Section 12.7.4

**Office Comments**

*The Office is currently updating its 2011 vehicle returns; on the other hand, we have taken note of Audit recommendation.*

**2.11 Lack of Supporting Documents – Credit Card**

The purpose of the credit card policy is to:<sup>8</sup>

- i. Ensure that only official expenditure related to approved overseas trips are charged against the credit card;
- ii. Ensure that credit card reporting is monitored so that fraudulent transactions and misuse is kept to a minimum; and
- iii. Guide all credit card holders and accounting officers on the management and maintenance of corporate credit cards.

The credit card should only be used abroad and not locally. It is to be used for official business only. Personal purchases will be considered misappropriation of government funds that may result in surcharge action.<sup>9</sup>

The Office paid \$56,004.75 to ANZ Bank for payment of credit card expenses in 2011.

However, audit was not able to substantiate the payments as the supporting documents were not provided during the audit. Refer Table 2.9 below for payment details.

**Table 2.9: Payment for Credit Card Expenses**

Date	Cheque No.	Amount (\$)
21/01/11	51584	12,586.89
14/09/11	55912	22,670.25
17/10/11	56462	19,180.51
12/12/11	57215	1,567.10
<b>Total</b>		<b>56,004.75</b>

Absence of supporting documents increases the risk of misappropriation of funds. In addition the accuracy of payments made to banks could not be ascertained.

**Recommendations**

- The Accounting Head must ensure that all supporting documents in relation to credit card payments are maintained
- All records should be provided to audit for verification purposes.

**Office Comments**

*When the Prime Minister embark on an official engagement overseas, his official master card was his main source of funding in meeting all his official expenses, hence, our main priority at Accounts is to ensure that he have sufficient funds all the time in his master card to meet his payments.*

<sup>8</sup> Credit Card Policy June 2011 – Section 3.1

<sup>9</sup> Credit Card Policy June 2011 – Section 6.2

*The Prime Minister made more than ten (10) official visits overseas in 2011; therefore, timely payment made to his master card is very crucial hence, payment was done on the bank statement received by the Accounts Section.*

*We would also like Audit to note that the Personal Staff accompanying the Prime Minister played many roles in terms of providing security, arranging logistics and also looking after PM's finances, hence, we would expect some oversight in keeping his travel documents related to the PM Master card. In addition, at times an officer took two to three continuous trips abroad.*

*The unavailability of other supporting documents to support the bank statement to effect the payments will be an area to improve on but Audit recommendation is highly noted.*

## **2.12 Credit Card payment not made on Due Dates**

The Accounting Head must ensure that all authorised official expenses charged against the card are promptly paid for at the end of the month.<sup>10</sup>

Our audit noted that the credit card issued to the Prime Minister had an outstanding balance of \$15,495.91 as at 31 December 2011.

The PM's Office was charged a sum of \$14,165.90 as delinquent (overdue) amount in the visa card report dated 28/08/11. The credit card payments were delayed resulting in finance charges charged by the bank.

The credit card had been delinquent at various times from the date of issuance and had incurred late payment fee of \$20.00 every time.

Failure to make payments on due dates would result in the Office being charged additional fees by the banks.

### **Recommendation**

**The Office should ensure that payments for credit card are made on or before due date to avoid additional fees charged by the bank.**

### **Office Comments**

*The outstanding balance of \$15,495.91 could not be cleared since we don't have funds in our overseas travel vote to meet the payments and it should be noted that it is year end and our budget have been exhausted. We plan to clear the dues in our approved 2012 budget.*

*In addition, the delinquent amount stated is just the amount due plus the payment fee added to the dues. We would like to state that there are two ways in which the payment was not done on time:*

- 1. Firstly, the non receiving of bank Statement on time since the Card is personally under the Prime Minister name, the bank statement is sent to him. In addition, whilst receiving the statement we then take sometime to wait for the other supporting documents to allow us to process the payments which in the end gives us no other option to proceed with the payments either with or without the supporting documents to allow for the availability of the funds before the Prime Minister take his official Overseas Trip.*
- 2. Secondly, the unavailability of funds in our budgets. The Prime Minister Overseas travel vote is not sufficient to meet his travel and due to that, when we don't have funds to meet the payments, we usually apply for virement of funds and in worst cases we apply for additional funds with Ministry of Finance.*

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<sup>10</sup> Credit Card Policy June 2011 – Section 6.4

*These process takes sometime for funds to get approved and in most cases funds been approved after the card payment due date.*

*This year we have taken some proactive approach by requesting the bank to send us the amount due before month end so that we could settle the payments soonest to avoid accumulating delinquent amount and fees. We do apologize on the oversight on our part which merely due to the above two factors, on the other hand, we have noted Audit recommendation*

## **2.13 Monthly Reconciliation not done**

It is the responsibility of the designated reconciliation clerk within each ministry and department to examine and reconcile the credit card bank statement and the individual receipts produced by the card user on a monthly basis. All receipts supplied by the card holder upon return must contain his/her signature to certify that the expense was incurred for official purposes. Any transaction appearing on the credit card bank statement that is not supported by a signed receipt is to be personally reimbursed by the card holder 7 days upon return. Proper justification needs to be provided to the reconciliation clerk and the accounting head to support the non-availability of the receipt.<sup>11</sup>

The PM's Office failed to examine and reconcile the credit card bank statements since the statements were not received by the Office. In addition, the receipts of the credit card were not provided during the audit.

Failure to prepare monthly reconciliations may result in errors, omissions and bank fees and adjustments not being detected. Non reconciliation of bank statement and individual receipts also increase the risk of misappropriation of funds not being detected.

### **Recommendation**

**The Office must ensure that reconciliation of the credit card bank statements against individual receipts are carried out monthly and any anomalies noted are investigated and appropriate action taken.**

### **Office Comments**

*We were not able to conduct timely reconciliation since the two important documents needed is not forthcoming or in some cases received late.*

*We would like to state here that commencing this year we will proceed with the reconciliation of the accounts with whatever source documents available to us. We do apologize on the oversight on our part which merely due to the issues on hand and we have noted Audit recommendation.*

## **PUBLIC SERVICE COMMISSION**

### **2.14 Unreconciled Revolving Fund Account (RFA)**

Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Senior Accounts Officer shall reconcile the ledger balances to the general ledger reports and prepare reconciliation statement. Any errors or misallocations must be immediately adjusted by way of journal vouchers.<sup>12</sup>

<sup>11</sup> Credit Card Policy June 2011 – Section 7

<sup>12</sup> PSC Finance Manual – Section 16.3.3 & 16.3.4

Our audit noted a variance of \$586,278.56 in the RFA balance between the FMIS record and the Commission's reconciliation. Refer Table 2.10 below for details.

**Table 2.10: Variance in Revolving Fund Account**

Details	Amount (\$)
FMIS balance	9,635,988.30
Commission's Reconciliation	10,222,266.86
<b>Variance</b>	<b>586,278.56</b>

The monthly reconciliation prepared by the Commission for the month of February 2011 had a variance of \$10,932,729.99 between the closing balance of January and the opening for February 2011. Refer Table 2.11 below for details.

**Table 2.11: Variance in Commission's reconciliation for the Revolving Fund Account**

Details	Amount (\$)
Closing balance for January 2011	10,942,713.82
Opening balance for February 2011	9,983.83
<b>Variance</b>	<b>10,932,729.99</b>

The Principal Accounts Officer revealed that the Revolving Fund Account also includes the scholarship fund which should be shown in the Lending Fund Account of which an adjustment was to be done by Ministry of Finance and Scholarship Unit.

The Commission could have avoided the above anomaly had they been more vigilant and proper supervisory controls were in place.

### **Recommendations**

- **The Commission should ensure that Revolving Fund Account balance as per Commissions reconciliation is reconciled with FMIS on a monthly basis. Any variance noted should be investigated and adjusted immediately.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

### **Commission's Comments**

*The variance that appear in the RFA was there way back in 2005 and when I took over the role of Senior Accountant in 2010, I found out that RFA and Lending Account was merged together in one report and requested FMIS to rectify the issue. This has been dealt with accordingly. However Scholarship Unit is required to adjust the variances in the FMIS report accordingly.*

### **Further OAG Comments**

Further audit verification on 07/09/12 revealed that the variances have not been reconciled.



## 2.15 Lending Fund Account

The Accounting Head of an agency is responsible to the Permanent Secretary for the effective design and operation of internal controls across the agency.<sup>13</sup>

The Fiji Government Scholarship operates on a cost sharing system in which the Government contributes two-thirds (2/3) and the student and or guardians one third (1/3) of the total cost of training. Government pays all fees and allowances at the outset and the 1/3 contribution by the student is treated as an interest free loan which will be paid at the end of their studies and on assumption of employment.<sup>14</sup>

Lending Fund Accounts records all advances made by Government and has a debit balance in the Whole of Government Accounts.

Our review of the FMIS records revealed that Lending Fund account allocation 1-02300-00000-610000 T/L Rec – Social Services had a credit balance of \$8,529,050.76. The Commission failed to provide any reconciliation for the above account.

### Recommendations

- The Commission should ensure that all account balances reflected in the general ledger (FMIS) are supported with documentary evidences and are made available for audit.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

### Commission's Comments

*Lending fund reconciliation was done and taken to treasury, they said they don't need it, might be FMIS, I went there (FMIS) they said they don't need as they have direct access to the system. Then I was sent to Debt management unit (Kelera duwai) they also mentioned that they don't need it as they have direct access to the system. I still got the copies of reconciliation with me and signed by senior accountant then, Mr Ami Chand. This year Akeneta from debt management requested the reconciliation, I told her the what I have mentioned above. We had a meeting at our conference room with Manager Finance and the staffs of Debt Management unit. As requested by Akeneta (Debt management Unit) 2011 reconciliation was sent to her via email. Feedback received from Akeneta that the reconciliation does not match. Upon matching the details it was revealed that the commission was receiving the new lending fund report from Ministry of Finance but the debt management unit has allocation, the old and the new. Then went to FMIS, they make changes to the system so that it captures both the new and old account. After changes were made by the Ministry of Finance, they printed the report from 2011 to April 2012 to reflect what is shown in the system. The old allocation has been made nil balance in May 2012 by raising journal vouchers which has been sent to HQ for posting.*

*Waiting May report.*

## 2.16 Overpayment of Salary

Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personnel emoluments or deductions such as appointments, promotions, transfers, acting allowances, dismissals and resignations, income tax allowances, housing deductions, or other authorized charges or deductions.<sup>15</sup>

<sup>13</sup> Finance Instructions 2010 – Section 59 (2)

<sup>14</sup> PSC Scholarship and Student Loan Scheme Handbook

<sup>15</sup> Finance Instructions 2010 – Section 17 (1)

Our audit noted that the following officers were overpaid salary upon their resignation:

- Technician, Mr. Mitieli Uculoa (EDP No. 63469) was deemed to have resigned with effect from 11/01/11 however the Officer continued to receive salary until 25/02/11 resulting in the overpaid salary of \$943.14.
- Principal Administrative Officer, Ms. Laite Waseiyaroi resigned with effect from 01/04/11. The Officer continued to receive salary until 08/04/11 resulting in a salary overpayment of \$779.47.

Inadequate supervisory checks may have lead to the overpayment of salaries. The Commission could have avoided the above anomaly had they been more vigilant and proper supervisory controls were in place.

### **Recommendations**

- The Commission should make a concerted effort to recover the salary overpayments from the Officer's concerned. And where recovery is not possible, the Commission should investigate the cause of the overpayment and take appropriate action.
- The Commission should ensure that an effective and efficient communication process is in place with the Administration and Accounts Section for immediate or prompt action in regards to cessation of salary upon resignation, termination or retirement.

### **Commission's Comments**

*There was a delay from admin regarding the cessation of their salary. With Accounts we could not proceed further without having to receive something in black & white. As for Miti he didn't turn up to work for quite some time which Scholarship has failed to notify corporate on time. Hence the late cessation of his salary. Likewise for Laite, it was also the late notification from our admin side.*

## **2.17 Provisional Tax not deducted**

Any person making payments in terms of a contract for services but not a contract of employment is required under the new Regulations to make deduction for Provisional Tax at 15% of gross amount of the payment at the time it is credited or paid to the contractor.<sup>[1]</sup>

Unless a Certificate of Exemption ("exception" as mentioned in Legal Notice) is produced by the contractor, or satisfactory evidence is produced by the contractor that he holds such certificate, provisional tax of the rate of 15% **must** be deducted from the gross amount at the time of actual payment of the contractual sum.<sup>[2]</sup>

Our audit noted that the Commission failed to deduct the provisional tax of 15% from payments made to the following contractors:

**Table 2.12: Examples of Provisional Tax not Withheld**

Date	Cheque No.	Contractors Name	Progress Payment Amount (\$)	Provisional Tax to be Withheld (\$)
20/09/11	26730	Deo Construction	67,668.15	10,150.22

<sup>[1]</sup> Section 1 B (a) – Legal Notice No. 70 – Income Tax (Collection of Provisional Tax) Regulations, 1976

<sup>[2]</sup> Appendix (A) – Legal Notice No. 70 – Income Tax (Collection of Provisional Tax) Regulations, 1976

Date	Cheque No.	Contractors Name	Progress Payment Amount (\$)	Provisional Tax to be Withheld (\$)
23/11/11	000027	Deo Construction	9,537.50	1,430.62
29/11/11	000030	Deo Construction	23,856.25	3,578.44
02/12/11	000035	Deo Construction	4,708.00	706.20
20/09/11	26732	Countrywide Construction	10,238.40	1,535.76
19/07/11	000005	Countrywide Construction	3,363.85	504.57
29/07/11	000007	Countrywide Construction	12,259.00	1,838.85
22/08/11	000019	Countrywide Construction	23,889.60	3,583.44
31/12/11	000082	Countrywide Construction	24,507.90	3,676.18
09/11/11	27314	Plumbing & Property Services	23,230.00	3,484.50
28/11/11	000031	Plumbing & Property Services	11,925.00	1,788.75
01/12/11	000033	Plumbing & Property Services	18,584.00	2,787.60
28/12/11	000062	Plumbing & Property Services	12,847.50	1,927.12
28/12/11	000063	Plumbing & Property Services	9,540.00	1,431.00
28/12/11	000064	Plumbing & Property Services	12,550.00	1,882.50

The Certificate of Exemption (COE) was not provided by these companies for non-deduction of provisional tax.

The Commission did not comply with relevant tax legislations. In addition, government's interest was not adequately safeguarded by the Commission, hence resulting in loss of government revenue.

### **Recommendation**

**In the absence of the Certificate of Exemption, the Commission should deduct 15% provisional tax as required by Fiji Income Tax Act for all contractual payments.**

### **Commission's Comment**

*All companies that we engaged or in our registered list have registered with Title Office and paid their tax accordingly with FRCA in that case PSC shouldn't deduct their withholding tax of 15%.*

*Can Audit please explain further why should we deduct provisional tax when the company is paying VAT?*

## **2.18 Occupation of Government Rented Quarters**

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

- Officer does not own a property in the location where he currently works;
- Officer was not initially appointed from the District where he currently lives;
- Officer did not request for own transfer;
- Transferred Officer to live within the station he is being transferred to;
- Single Officers eligible for quarters irrespective of post to share quarters;
- Essential services and rural postings to be given priority when allocating quarters;
- A quarter's grade is to be allocated according to the level and seniority of Officers;
- Government rented Quarters should be equivalent to the level of Government Quarters suitable to the officer;

- Those entitled for housing allowance as part of their employment contract can be accommodated in Government Quarters if available but will not receive any portion of the housing allowance as direct payments; and
- Expatriate Volunteer Officers will have their 8% contribution met by hosting Ministries/Departments and Agencies.<sup>16</sup>

The following Officers would be eligible for Government Quarters at a subsidized rate of 8% of their basic salary:

- Medical personnel appointed on expatriate contract;
- Engineers on expatriate contract;
- Others on expatriate contract;
- Expatriate Volunteer Officers;
- Divisional Commissioners;
- Director DISMAC;
- Director Government Shipping Services;
- Director Animal Health & Production;
- Director Meteorological Services;
- Director of Lands;
- Director of Mineral Resources;
- Medical Superintendent – Divisional Hospitals;
- Commissioner of Police;
- Commissioner of Prisons;
- Director of Public Prosecutions;
- Magistrates;
- Judges;
- Permanent Secretaries;
- Official Secretary to the President;
- Divisional Engineers and Road Supervisors, Ministry of Works;
- Solicitor General;
- Supervisor of Elections;
- Chairman NLC;
- Principals of Government schools and teachers where student boarding facilities are available;
- The Matron and Supervisor at the Mental hospital and other specialist hospitals;
- Subordinate Officers of the Fiji Police and Prisons Officers Classes A, B and C;
- Landscape Officer, Chief Cook, Stewards, Lady's maid President's house;
- Superintendents of Old People's homes at Natabua, Samabula and Labasa;
- Doctors and Nurses working in sub-divisional hospitals, rural health centers and nursing stations;
- Meteorological Officers; and
- District Officers, Provincial Administrators, Divisional Planning Officers and Senior Planning Officers based in the districts.<sup>17</sup>

Government Quarters in Suva are also rented to non-government officers. Rental shall be on Commercial rate ranging from \$800 - \$2,500 per month based on the Ministry of Lands current valuation.<sup>18</sup>

Our audit noted that the Commission has weak control in place over the occupation of government rented quarters.

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<sup>16</sup> General Orders 2011 – Section 601 (a)

<sup>17</sup> General Orders 2011 – Section 601 (b)

<sup>18</sup> PSC Circular No. 79/2011 dated 07/12/2011 – Section 6-9-1

The terms and conditions of occupation were not adhered to and the files maintained at the Commission's Quarters Accommodation Unit were not updated with all relevant information. This has resulted in the inability of the Unit's staff to properly carry out their duties in ensuring that officers/tenants occupying quarters are taken to task when they failed to fulfil the terms and conditions of quarter's accommodation.

Refer to *Appendix 2.3* for details.

The above findings indicated a lack of control in the maintenance of government rented quarter's records.

There could be instances where some tenants/officers would be occupying government quarters which were outside their approved entitlement hence depriving other eligible candidates from occupation of government quarters. Such practice also affects the maximization of profit from the rental income collected for government quarters.

Hence the Commission would not be able to achieve its targeted outcome relating to the occupation of government rented quarters.

### **Recommendations**

- **The Commission should recover from those tenants/ officers failing to pay their rent in accordance with their entitlements or letting agreements. And where necessary place their names in immigration watch list.**
- **The Commission should ensure that maintenance of government rented quarters records is improved.**
- **The Commission should ensure that a copy of employment contract and letting agreement is placed in the individual quarters file for tenant/ officers.**
- **Internal control procedures in the Quarters Accommodation division, specifically supervisory checks should be strengthened to avoid such discrepancies.**
- **Adequate background search should be carried out on private tenants before approving the renting of government quarters to them.**
- **Coordination between Quarters Accommodation division and other Ministries/ Departments should improve in order to ensure that relevant information relating to movement of officers and their entitlements are communicated without delays.**

### **Commission's Comments**

*First of all I want to register my utter disappointment on the way the report had been written as it contains many assumptions rather than providing factual comments to substantiate their comments. eg comments like "The terms and condition of occupation of quarters are not adhered to and files maintained at the Commissions quarters accommodation units are not updated with relevant information". "There could be instances where some of the tenants/officers may be occupying government quarters which are outside their approved entitlement, hence depriving other eligible candidates. Such practice also affects the maximization of profit from the rental income collected from government rented quarters."*

- *Only those quarters in Suva have been allowed to be on market rental. PSC priority on the management of quarters is not to make profit but to provide a better condition of quarters. Our role is services oriented.*
- *The process for the occupation of quarters is that tenants should apply in writing to PSC and the information is assessed. Once assessment is completed it is then submitted to SPS for approval. However some candidates after they had occupied the quarters do faced unforeseen financial constraints and could not pay for the rent. Written notices are issued to the tenants to vacate and in some instances it took many months.*
- *In some cases tenants are allowed to remain at quarters and pay for the electricity and water charges, when there is no request for occupation of quarters. This will allow the quarters to be look after and no damages*

*done by vandals. Most quarters are damaged by vandals when they are left vacant. Copper wires, electricity wires and metal frames etc are stolen when quarters are left unoccupied.*

- *We cannot resort to have those on the immigration watch list as we have not encountered any one with known criminals' records that had occupied government quarters. Further to that residents have their rights to travel and only the court system can authorise names to be on the watch list at Immigration.*
- *Copies of tenancy agreement or approval letter are maintained on each file.*
- *Government rented records are maintained by the respective district Commissioners as they handle the rental of government rented quarters and not PSC.*
- *On 20(ii)- By virtue of being Chief Justice entitles him to government quarters. Please feel free to write to him and raise the question directly to him.*
- *44(i)-Dr Shaista Shammem had disputed that the arrears of water was not hers likewise Col Mason Smith, to avoid disconnection of water, SPS gave approval that arrears be paid from TMA, which was quite proper.*
- *68(v) - There was no LA, but written approval was granted which was sufficient. The quarter had contained many defects after renovation by PWD and she had produced documentary evidence on the repairs that she undertook to rectify those defects. The quarter is a grade 5 level and rental should not be equivalent to grade 4 which had been rectified.*
- *68(iii) - Naipote Katonitabua, returning diplomats are normally given 3 months occupancy on government quarters. PM's office had directed that he continued to stay at government quarters to be available 24/7. Rental payment was to be 8% instead of commercial rent.*
- *114(iii) - The OPR has been activated and he is entitled for government quarters or housing allowance in lieu.*
- *227(ii) - His occupation was initiated by the President's office, however we had advised the FMF that he should pay rent and deducted from salary source.*
- *143(iv)-The officer was a returning diplomat who given quarters for 3 months period. Within that period he was promoted to PS for Lands and was given quarters as his entitlement under new contract.*
- *112- The officer is a lawyer and had written to us and approval was granted based on the information given. However his law practise license was not approved and could not afford to pay as his law business was closed. He was told to vacate but continued to stay and provide safety to that quarters. He has now vacated after many requests.*
- *263- This woman had the tendency to pay her rent late and in lump sum, sometimes in two months instalments. However she evicted herself when she knew that we were about to forcibly evict her.*
- *Inosi Vono- His occupation was requested by the PM's office due to social activities he had been doing to the community. We had continued to pursue this case and PM's office had written that he will vacate by 31/10/2012.*
- *164(iv)-The officer has vacated*
- *105(iv) - This arrangement was done by the PM's office and we were not involved.*
- *159C(I) - Maids quarters do not have electricity meter until late last year when it was installed by PSC.*
- *183(iv) - he is an expatriate officer and his contract allows him to occupy government quarters.*
- *209- An employee of FNU and he pays rental of \$400pm.*
- *233(iv)-Laite pays market rent of \$800pm, as the quarters had not been renovated and still has some defects which is waiting repairs.*

- *For the Govt Rented quarters, the District Offices and the Commissioner's Office are responsible for the inspection of rented quarters; PSC does the payment of rented qrts to various Landlords believing that these two offices have done their part.*
- *The department prepares only the Letting Agreement whilst District Officers & Commissioners office keeps the employment contract and also for the controlling of the occupation of rented qrts.*
- *Once the documents are been fully supported from the two offices then PSC prepares the Letting Agreement, we don't control the occupation of government rented quarters.*
- *This could only overcome if the department has the FULL authority on govt rented quarters; hence Commissioner's Office and the DO's office are part of the authority.*

#### **Further OAG Comments**

During the exit interview on 06/09/12, the Permanent Secretary PSC advised the Accommodation Unit to resubmit their comments to OAG by 10/09/12 as some of the comments does not relate to the issue highlighted by OAG. As at 11/09/12, no comments were resubmitted by the Accommodation Unit.

## APPENDICES

### Appendix 2.1: Trust Fund Account for 2011 - Chinese Grant

	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
Interest	132	605
Other Receipts	322,075	209,619
<b>Total Receipts</b>	<b>322,207</b>	<b>210,224</b>
<b>PAYMENTS</b>		
Assistance to Health Centers	0	24,488
Assistance to Schools	133,684	745,886
Assistance to Sporting Bodies	1,583	0
Clearance of Charges	0	18,644
Health Project	12,750	0
Installation – PM Office	0	116,347
Others	0	2,377
Payment to Contractors	0	127,470
RFMF Engineers	56,510	0
Task Force Consultation	0	24,445
Tax Clearance	0	165,916
Upgrading of Shipping Services	0	17,773
Water Supply – Rural Areas	0	29,900
<b>Total Payments</b>	<b>204,527</b>	<b>1,273,246</b>
Balance as at 1 January	(42,563)	1,020,459
<b>Closing Balance as at 31 December</b>	<b>75,117</b>	<b>(42,563)</b>

**Appendix 2.2: Trust Fund Account for 2011 - Taiwan Grant**

	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
Grants Received	897,173	0
<b>Total Receipts</b>	<b>897,173</b>	<b>0</b>
<b>PAYMENTS</b>		
Assistance to Community Projects	56,815	0
Assistance to Schools	61,371	0
Carting of items	387	0
Installation – Energy Services	6,500	0
Upgrading of Roads	10,000	0
Water Supply – Rural Areas	5,656	0
<b>Total Payments</b>	<b>140,729</b>	<b>0</b>
<b>Closing Balance as at 31 December</b>	<b>756,444</b>	<b>0</b>



**Appendix 2.3: Anomalies in Quarters Occupations**

Quarters no and grade	Occupant	Post	Approved Date of Occupation	Remarks
20 (II)	Hon. Anthony Gates	Chief Justice	29/04/2002	No employment agreement in the file.
44 (I)	Col. Mason Smith	Permanent Secretary	01/04/2010	Previous tenant Dr. Shaista Shammem failed to clear water and FEA bills totaling \$257.42 contrary to the terms and conditions of occupation of government rented quarters. No proper recovery action hence amount was paid from TMA account.
68 (v)	Setaita Natai	Director Information (Private Tenant)	17/04/2010	<ul style="list-style-type: none"> <li>No letting agreement filed.</li> <li>No supporting documents of reduction in rent from (agreement amount) \$700/month to (payment amount) \$600/month;</li> <li>No copy of renewal of the agreement for occupation of quarters after 12 months;</li> <li>Notice of rent arrears of \$7,200 given to the tenant on 05/04/11. This was followed by notice to vacate the quarters on 31/04/11 reflecting poor management of quarters by PSC.</li> <li>The Officer lodged complains that the quarters was not repaired by PWD as per expectation and that she herself had incurred some cost in repairing reflecting that PSC is not carrying out proper inspection before issuing quarters for rental.</li> <li>No evidence of any bond payment.</li> </ul>
68(III)	Naipote Katonibua	Chief Administration Officer	30/11/2010	<ul style="list-style-type: none"> <li>Officer was not eligible for quarters;</li> <li>The officer was given 3 months temporary allocation of quarters with effect from 28/02/11 after returning from Mission in Beijing. However, there was no letter of renewal as the tenant continued to occupy the quarters.</li> <li>Market rate is not charged to the officer but 8% of his salary was charged.</li> </ul>
114 (III)	Usaia Ratuvi	Judiciary	20/05/2011	Housing allowance of \$692.31/fortnight was continued to be paid to the officer despite staying in quarters from pay 11/2011 to 07/2012 resulting in overpayment of \$15,923.13. As per the payroll only \$4,846.17 was deducted from the officer's salary as OPR resulting in under recovery of \$11,076.96.
227 (II)	Prime Minister's Security	Prime Minister's Office		<ul style="list-style-type: none"> <li>Officer occupying quarters without paying any rent.</li> <li>As per the PAO, Acting Senior Administrator, Officer of Office Accommodation, there was verbal agreement by PM's Office to allow the security to occupy the quarters.</li> <li>No other correspondence noted in the file.</li> </ul>
143 (IV)	Filimoni Kau	Mission Officer	22/10/2007	Officer was approved for 3 months temporary occupation of quarters from 22/10/07.

Quarters no and grade	Occupant	Post	Approved Date of Occupation	Remarks
				<p>continued to stay in quarters without any approval hence should have been charged rent at the market rate.</p> <ul style="list-style-type: none"> <li>The officer was given the post of Director Information and on 17/01/08 and 27/02/08 he requested for extension of his stay in quarters as his house was under repair. No copy of approval for extension was noted.</li> <li>No evidence in the file to state whether the officer continued to occupy quarters from 20/06/08 to 30/12/09.</li> <li>On 30/12/09 the officer was informed that he has to vacate the quarters. No action taken as he continued to occupy the quarters.</li> <li>On 12/03/10 final notice was given to him to vacate the quarters. No action taken as he continued to occupy the quarters.</li> <li>No correspondence relating to when the officer was confirmed to Permanent Secretary's post.</li> </ul>
112f	Savenaca T. V Komaisavai	Solicitor (private tenant)	07/07/2011 to March 2012	<ul style="list-style-type: none"> <li>No letting agreement found in the file. Tenant was renting at \$800/month.</li> <li>No bond amount paid by the tenant but allowed to rent.</li> <li>Total rental arrears of \$7,200 was noted which has not recovered from the tenant.</li> <li>On 04/01/12 notice was given to the tenant to vacate the quarters as he failed to pay rent for 6 months.</li> <li>This quarters was later occupied by a caretaker Mr Waisale Domonakibau with effect from March 2012 on temporary basis. However, there was no documentation to prove his eligibility for quarter's occupation.</li> </ul>
263	Salote Laliqavoka	Business women (private tenant)	26/02/10 to 05/04/11	<ul style="list-style-type: none"> <li>The tenant stayed in the quarters until August 2011 when in fact as per the agreement she was approved to stay until April 2011 (12 months).</li> <li>She failed to pay rent resulting in rental arrears of \$11,800 which was not recovered.</li> <li>She also had arrears for FEA and water bills of \$240.13 upon vacating the quarters on 13/09/11. This was not recovered.</li> </ul>
263	Inosi Vono	Social worker	09/09/11	<ul style="list-style-type: none"> <li>No letting agreement.</li> <li>No evidence of bond payment.</li> <li>Rental arrears of \$4,800. The tenant is still occupying the quarters.</li> </ul>
164(IV)	Eremasi Saune	Acting supervisor for Divisional engineer boiler shop	15/02/10 to Feb/2012	<ul style="list-style-type: none"> <li>The officer was approved for temporary stay in quarters until 31 August 2010 as his house was burnt down;</li> <li>On 03/09/10 notice was sent to the tenant requesting him to vacate the quarters.</li> <li>Approval was given by the PSOPM for him to continue occupation of quarters until November</li> </ul>

Quarters no and grade	Occupant	Post	Approved Date of Occupation	Remarks
				<p>2011 when he retires.</p> <ul style="list-style-type: none"> <li>The Officer vacated the quarters in February 2012 without informing the Commission.</li> </ul>
164 (IV)	Krishna Raghavan	Expatriate	31 October 2008	<ul style="list-style-type: none"> <li>Unsigned copy of agreement of service.</li> <li>No evidence of tenant in payroll system. Her name could not detect rent deduction.</li> <li>No evidence of how outstanding water bill of \$439 was cleared.</li> </ul>
105(IV)	Sheni Hongmei	Volunteer teacher at Yat Sen Secondary	May 2005	<ul style="list-style-type: none"> <li>Approval was given to Ms. Li Kang to stay in quarters for a period of two years that expired in April 2007.</li> <li>No approval from May 2007 for the Chinese teacher to continue staying in quarters after the expiry date.</li> <li>Tenant changed from Ms. Li Kang to Sheni Hongmei without any correspondence.</li> <li>Invalid letting agreement, no (tenant name, rental amount, signatures).</li> <li>As per GO 2011 and Cabinet Decision 09/11, all expatriate volunteer officers will have their 8% contribution met by hosting ministries/departments and agencies, however the volunteer is occupying quarters without paying any rent.</li> </ul>
159 C(I)	Ruci Bukavesi	Maid quarters (Private Tenant)	24/02/2012	<ul style="list-style-type: none"> <li>Outstanding FEA bill of \$318.09 not cleared by previous tenant Mr. Apete Luva.</li> </ul>
160 C	Venina Nahimo	Maid quarters (Private Tenant)	January 2012	<ul style="list-style-type: none"> <li>No correspondence from April 2006 to January 2012.</li> <li>No letting agreement for Venina.</li> <li>Lidia Driubalavu Delai is also occupying this quarter but there was no correspondence in regard to the actual date/period of occupation.</li> </ul>
183(IV)	Manuel Alagcan	Ministry of Agriculture (Primary Industries)	March 2001	<ul style="list-style-type: none"> <li>No correspondence in the file after March 2003.</li> <li>No terms of agreement or letting agreement.</li> <li>Arrears of rent not cleared was about \$5,973.22 from pay 04/2010 to pay 14/2012.</li> </ul>
209	Dr. Kamal Kishore	(Private Tenant)	August 2000	<ul style="list-style-type: none"> <li>No evidence of letting agreement.</li> <li>No correspondence after 2002 of any letting agreement renewal of market rates charged of \$400/month.</li> </ul>
233 (IV)	Laite Waseiyaroi	(Private Tenant)	March 2010	<ul style="list-style-type: none"> <li>No letting agreement.</li> <li>Previous tenant was paying \$1,000 rent per month but she was allowed to pay \$800/ month without any supporting document.</li> <li>Occupant was allowed to occupy the quarters for 8 months until 31/12/10 but continued to occupy quarters without any renewal.</li> </ul>

## Section 3

# Office of the Attorney General and the Solicitor General

### Roles and Responsibilities

The Attorney General is the Chief Advisor to the Government. He is assisted by the Solicitor General, who is also the Permanent Secretary of the Attorney General Chambers.

The Office of the Solicitor General is responsible for providing quality legal advice to all ministries and departments; drafting Government Bills and Subsidiary Legislations; undertaking systematic review; reform and development of laws in Fiji Islands; undertaking Statutory Law Revision; providing legal assistance to impoverished persons in family and criminal laws through legal representation and advice. The administration of the Registrar of Companies, Registrar General's Office, Registrar of Titles, Official Receivers Office, and Stamp Duties Office has all been assigned to the Solicitor General's Office.

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## PART A: FINANCIAL STATEMENT

### 3.1 Audit Opinion

The audit of the 2011 accounts of the Office of the Attorney General and the Solicitor General resulted in the issue of an unqualified audit report.

### 3.2 Statement of Receipts and Expenditure

The Office of the Attorney General and the Solicitor General collected revenue of \$196,753 and incurred a total expenditure of \$5,013,023 in 2011. Refer Table 3.1 for details.

**Table 3.1: Statement of Receipts and Expenditure for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Hotel License	95,630	170,080
Liquor License	1,304	0
Miscellaneous Fees	4,985	3,945

Description	2011 (\$)	2010 (\$)
Other Revenue	25,237	169,858
<b>Total State Revenue</b>	<b>127,156</b>	<b>343,883</b>
<b>Agency Revenue</b>		
Miscellaneous	69,597	12,381
<b>TOTAL REVENUE</b>	<b>196,753</b>	<b>356,264</b>
<b>EXPENDITURE</b>		
<b>Operating</b>		
Established Staff	2,066,495	2,121,167
Government Wage Earners	162,451	133,824
Travel & Communications	125,343	105,468
Maintenance & Operations	260,394	174,253
Purchase of Goods & Services	700,549	368,039
Operating Grants & Transfers	804,220	602,424
Special Expenditures	606,231	637,486
<b>Total Operating Expenditure</b>	<b>4,725,683</b>	<b>4,142,661</b>
<b>Capital Expenditure</b>		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants & Transfers	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>
Value Added Tax	287,340	176,306
<b>TOTAL EXPENDITURE</b>	<b>5,013,023</b>	<b>4,318,967</b>

Total revenue decreased by \$159,511 or 45% in 2011 compared to 2010. This was mainly due to the closure of some hotels, hotels opting to reduce the number of beds thus reducing the license fees and no Gaming License revenue collected from Casino in 2011 as was in 2010.

The total expenditure increased by \$694,056 or 16% in 2011 compared to 2010 due to increase in fuel cost, vehicle maintenance and power supply, purchase of office equipments and computers and increase in Grant provided to Legal Aid Commission.

### 3.3 Appropriation Statement

The Office of the Attorney General and the Solicitor General incurred expenditures totalling \$5,013,023 in 2011 against the budget of \$7,124,022 resulting in a savings of \$2,110,999 or 30%.

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

**Table 3.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,786,199	(53,700)	2,732,499	2,066,495	0	666,004
2	Government Wage Earners	111,450	53,700	165,150	162,451	0	2,697
3	Travel & Communications	128,600	0	128,600	125,343	0	3,257
4	Maintenance & Operations	206,500	65,400	271,900	260,394	0	11,506
5	Purchase of Goods & Services	1,622,673	30,200	1,652,873	700,549	0	952,324
6	Operating Grants & Transfers	805,400	0	805,400	804,220	0	1,180
7	Special Expenditures	1,017,000	(95,600)	921,400	606,231	0	315,169
	<b>Total Operating Costs</b>	<b>6,677,822</b>	<b>0</b>	<b>6,677,822</b>	<b>4,725,683</b>	<b>0</b>	<b>1,952,139</b>
	<b>Capital Expenditure</b>						

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
8	Capital Construction	0	0	0	0	0	0
9	Capital Purchase	0	0	0	0	0	0
10	Capital Grants & Transfers	0	0	0	0	0	0
	<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
13	Value Added Tax	446,200	0	446,200	287,340	0	158,860
	<b>TOTAL EXPENDITURE</b>	<b>7,124,022</b>	<b>0</b>	<b>7,124,022</b>	<b>5,013,023</b>	<b>0</b>	<b>2,110,999</b>

## PART B: AUDIT FINDINGS

### 3.4 Unexplained Account Balance

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.<sup>1</sup>

Verification of the Office FMIS records revealed that account *allocation 1-03000-00000-910000 - Accumulated surplus/deficits* had a credit balance of \$5,134,622.34. The Office was not able to provide any details of this account balance.

As a result audit was unable to substantiate the balance for this allocation.

#### Recommendation

**The Office should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences and should be produced during audit.**

#### Office Comments

*The Office of the Attorney General does not make any input into this account as it is solely maintained by the FMIS section of the Ministry of Finance for the purpose of double entry. Thus further clarification should be sought from the Ministry of Finance.*

### 3.5 Operating Trust Fund Accounts

Each month, the Trust Account shall be balanced and reconciled with the Trust bank accounts. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.<sup>2</sup>

The audit of the operating trust fund records noted the following anomalies:

- As at 31/12/11, the Office operating trust fund account had a balance of \$516,833.71. Significant portion has been carried forward from previous years, which have remained un-cleared.
- A variance of \$502.48 was noted between the FMIS and the Office's reconciliation relating to the FNPF account. It was indicated that the variance is from a system error and needs to be adjusted by FMIS. Refer to Table 3.3 below for details.

**Table 3.3: Variance in FNPF Trust Account**

<sup>1</sup> Office of the Attorney General Finance Manual 2011 – Part 18: Miscellaneous – Section 18.1.3

<sup>2</sup> Finance Instructions 2010 – Section 58 (3)

Account Description	Balance (\$)
FMIS	17,336.68
Office Reconciliation	16,834.20
Variance	502.48

The non clearance of the balances under the Operating Trust Fund account overstates the trust fund balance of the Office.

### **Recommendations**

- The Office should take appropriate actions to clear all long outstanding items reflected under the Operating Trust Fund Accounts.
- The Office should liaise with Ministry of Finance to adjust the variance noted above.

### **Office Comments**

*This has been discussed with the FMIS team and they are looking into the matter as the error was generated by the system. The closing balances for the account for the month of October were as follows:*

*GL Balance: \$56,118.01*

*Department Balance: \$56,118.01*

*These balances should therefore be the opening balance for November; however, the November opening balance for GL was \$56,620.49 which was an increase of \$502.48. This increase was not the result of any input from the Department, and has to be sorted by FMIS and the account will continue to carry this difference until such time it is sorted out by FMIS.*

## **3.6 Trust Monies kept in the Revolving Fund Account (RFA)**

Each month, the Trust Account shall be balanced and reconciled with the Trust bank accounts. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.<sup>3</sup>

The review of the underline account records revealed that the Office was recording Main Trust Fund Account balances in Revolving Fund Account (1-03101-03101-849901). As at 31 December 2011 the balance in this account was \$169,470.03. These were monies received for court cases that are awaiting litigation.

This issue was raised in the previous years audit report; however, no corrective action has been taken by the Office to rectify this issue.

As a result, the Main Trust Fund Account is understated whilst the Revolving Fund Account is being overstated.

### **Recommendation**

**All Main Trust Account balances that are recorded in the Revolving Fund Account should be adjusted to the Main Trust Fund Account.**

<sup>3</sup> Finance Instructions 2010 – Section 58 (3)

### **Office Comments**

*This issued has been raised by the Audit in previous years and department has given explanations on the same. An Officer is working on the issue to bring out the files concerning the pending cases and compile a report. Once this is completed, the report will be made available to you for your perusal.*

*In the meantime, the Office has written to the Chief Accountant seeking an opinion on how best to deal with this outstanding account.*

### **3.7 Surcharge not adequate**

The surcharge amount of 100% recovery of the full cost of repairs or replacement is charged for damage to or loss of government vehicle.<sup>4</sup>

The Office vehicle GN715 was involved in an accident on 19/12/08 due to driver's negligence. No police report was obtained as it happened on a residential property.

The total cost of the repairs by Nivis Motors was \$8,165.25. However, the driver, Mr. Deepak Prasad was only surcharged \$2,041.31 (25% of total cost) and the other \$6,123.93 was paid by the Office.

Furthermore, the audit noted the following anomalies about the accident assessment:

- The assessment for surcharge was carried out by the Legal Officers from the Attorney Generals Chambers. This was a conflict of interest as an independent party should have carried out the assessment.
- Despite numerous requests, we were not provided with the assessment report and relevant documents to validate the reasons for the Office to incur the extra cost of \$6,123.93 while the driver was only surcharged 25% of the damage costs.
- GN715 was a new vehicle which had only been used for 3 months and there was no proof that it had mechanical problem that could have contributed to the accident and neither was any evidence provided to show that any such test was carried out after the accident.

The above findings indicate non-compliance with the surcharge procedures which has resulted in unnecessary use of public funds to cover for such expenditures.

### **Recommendation**

**The Office should investigate this matter thoroughly and if warranted recommend for the increase in the drivers surcharge amount in accordance with Section 64 of Finance Instructions 2010.**

### **Office Comments**

*The Solicitor-General Mr. Christopher Pryde, following the accident to GN715, carried out an investigation to ascertain the cost factor of the accident as well as the negligence of the Driver concerned. The report compiled together was given to three legal officers to seek their opinion.*

*The Legal Officers opinions were taken into consideration in regards to the negligence factor of the Driver and the cost factor involved. The Solicitor-General was advised that there was some degree of negligence by the Driver and the cost factor to be surcharged was left to the Solicitor-General to determine based on the legal officers advise, as they found him not fully responsible for the accident.*

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<sup>4</sup> Finance Instructions 2010 – Section 64



*The Driver had in fact engaged the handbrake. Given this was a new vehicle; its breaks were not fully tested. Thus, mechanical failure could not be totally ruled out. The Solicitor-General, in his capacity as Permanent Secretary for the Office of the Attorney-General, decided that the surcharge shall be of 25% only, hence the recovery of 25% only is being done from the officers salary.*

### 3.8 Film Censorship Fees and Allowances

The fees charged per film for approval by the Censor of films for Hindustani, Chinese and other films (with New Zealand certificate submitted) is \$11.50. Other films with 16mm and 35mm are charged \$23.00 per film.<sup>5</sup>

Two non government representatives censor the film for which they are paid a sitting allowance of \$20.00 each after a revision by the Higher Salaries Commission on 1 March 2010 from \$15.00.<sup>6</sup>

With the revised sitting allowance, the loss incurred by the Office in providing this service has increased further as the fees collected is less than the sitting allowance paid to non government representatives for the censor of each film. The losses have been increasing for the past 5 years.

Refer to Table 3.4 below for the details of losses incurred for the past 5 years.

**Table 3.4: Details of Losses for the past 5 years**

Year	2007 (\$)	2008 (\$)	2009 (\$)	2010 (\$)	2011 (\$)	Total (\$)
Number of Films	201	206	212	226	261	1,106
Revenue (\$)	4,511.25	4,657.50	4,859.50	4,443.75	5,082.50	23,554.50
Total Cost (\$)	6,030.00	6,180.00	6,360.00	8,440.00	9,890.50	36,900.50
Loss (\$)	1,518.75	1,522.50	1,500.50	3,996.25	4,808.00	13,346.00

Table 3.4 above shows that for the past 5 years the total revenue collected from film censorship amounted to \$23,554.50 compared to total expenses of \$36,900.50, resulting in cumulative losses of \$13,346.

The secretary of Film Control Board made a submission in 2010 to Office of the Attorney General and Solicitor General to review the film censorship fees. There was no response from the Office.

This issue has been raised in the previous audit reports; however no action has been taken to resolve this issue.

The government will continue to provide this service at a loss, if the fees are not increased to meet the cost.

#### **Recommendation**

**The Attorney General's Office should reconsider revising the censorship fees to at least cover the expenses incurred in censoring a film.**

<sup>5</sup> Cinematographic Films Act, 271 – (Section 22)

<sup>6</sup> Letter from Higher Salaries Commission dated 24/02/10, reference: C29/211/203-1

**Office Comments**

*The recommendation of the Auditor General is noted. The Office will again submit (resubmission) a Cabinet paper on this issue in 2012.*



**Section 4****Ministry of Finance****Role and Responsibilities**

The Ministry is responsible for formulating and implementing fiscal, financial and monetary policies. Its main functions are the collection and disbursement of public revenue, raising and repayment of loans, and developments of economic policies. It also provides various services to other departments, which include provision of printing and stationery services by the Government Printer, procurement and processing of supplies through Fiji Procurement Office. Also coming under the ambit of the Ministry of Finance are the several statutory bodies, namely the Fiji Development Bank, the Fiji Revenue & Customs Authority, and the Unit Trust of Fiji.

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## PART A: FINANCIAL STATEMENT

### 4.1 Audit Opinion

The audit of the 2011 accounts of the Ministry of Finance resulted in the issue of a qualified audit report. The qualifications are as follows:

#### Head 50

- Expenditure totalling \$14.5 million was disbursed by the Ministry of Finance to certain Ministries/Departments for *Travel and Communications, Purchase of Goods and Services and Capital Grants and Transfers* through Standard Liability Group (SLG) 84. There is no acquittal or policy guideline to support SLG 84 transactions; as such sums utilized by such Ministry/Department could not be verified.

#### Trading and Manufacturing Account (TMA)

- Records to substantiate \$4.1 million for surplus capital transferred to operating Fund Account; \$20.9 million as TMA accumulated surplus were lacking for the TMA operated by the Government Printing & Stationery Department and the Fiji Procurement Office.
- Records to validate the adjustment of \$867,078 in the TMA cash at bank as reflected in the TMA Balance sheet was not made available.
- The Authority to operate the Fiji Procurement Office TMA after the restructure was not made available for audit contrary to Finance Circular 10/1982.

The attention of the Ministry was also drawn to the following matters:

#### Appropriation Statement and the Statement of Loss

The Ministry of Finance did not submit Appropriation Statements for Head 50, 51 and 52 and the Statement of Losses for Government Printing & Stationery Department contrary to Finance Instructions 2010, section 71 (1) (c) and (f).

#### Head 4

- The Revolving Fund Account of \$7.7 million held by the Fiji Procurement Office had outstanding balances as at 31/12/2011 that were yet to be adjusted to respective revenue and expenditure accounts in Head 4 *statement of receipts and expenditures*.
- The correctness of operating revenue receipted through the Accounts Receivable Module totalling \$1.42 million reflected in the Head 4 Statement of Receipts and Expenditure (\$118,738) and the Trading & Manufacturing Account - (\$1,278,841) could not be

substantiated. These comprise of \$1,397,579 for Government Printing & Stationery Department (GPSD) and \$25,033 for Information Technology and Computing Services.

- In the absence of reconciliations, revenue collected for Land Transport Authority fees (\$43.5 million), departure taxes (\$61.3 million) and water rates (\$24.7 million) could not be substantiated as reflected in the Head 4 *statement of receipts and expenditure*.
- Records to substantiate borrowing revenue totalling \$650 million in the Head 4 *Statement of Receipts and Expenditure* were lacking.

### **Head 50**

- Expenditure appropriation totalling \$3.75 million were committed during 2010. The authority by the Minister of Finance to carry over these commitments to the following year was lacking as required under section 19 (a) of the Financial Management Act 2004. In addition, these amounts are not reflected in the Head 50 *Statement of Receipts and Expenditures* for the year ended 31/12/2011.

### **Trading and Manufacturing Account**

- Reconciliation for the debit balance of the accounts payable of \$561,049 and account receivable balance of \$2.6 million reflected in TMA balance sheet could not be provided.
- Expenditure recorded as *Redundancy Expenditure* totalling \$115,996 reflected in the TMA Profit and Loss account is incorrectly recorded and overstating the TMA expenditure.

## **4.2 Statement of Receipts and Expenditure – Head 4**

The Ministry of Finance budget is appropriated as Head 4 in the 2011 Budget Appropriation Authority with the Government Printing & Stationery Department (GPSD), Fiji Procurement Office (FPO) and Information Technology and Computing Services (ITCS).

The Ministry during 2011 collected revenue of \$2,401,232,338 and incurred a consolidated expenditure of \$59,065,117. Refer Table 4.1 below for details:

**Table 4.1: Head 4 – Consolidated Statement of Receipts and Expenditure in 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Operating Revenue	1,701,561,643	1,412,109,690
Investing Revenue	29,699,647	52,470,455
Borrowing Revenue	650,513,769	462,965,102
<b>Total State Revenue</b>	<b>2,381,775,059</b>	<b>1,927,545,247</b>
<b>Agency Revenue</b>		
Board Member	125,995	102,519
Miscellaneous Revenue	19,208,176	4,410,940
Sales of Publications	123,108	238,817
<b>Total Agency Revenue</b>	<b>19,457,279</b>	<b>4,752,276</b>
<b>TOTAL REVENUE</b>	<b>2,401,232,338</b>	<b>1,932,297,523</b>
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established staff	7,276,128	6,704,479
Government Wage Earners	480,329	892,313

Description	2011 (\$)	2010 (\$)
Travel & communication	1,457,027	1,237,052
Maintenance & Operations	2,519,971	1,986,358
Purchase of goods & services	3,771,067	4,211,525
Operating grants & transfers	39,580,448	29,792,349
Special expenditures	965,112	758,088
<b>Total Operating Costs</b>	<b>56,050,082</b>	<b>45,582,164</b>
<b>Capital Expenditure</b>		
Capital Construction	22,760	1,480,497
Capital Purchases	285,240	1,901,574
Capital Grants & Transfers	1,998,750	---
<b>Total Capital Expenditure</b>	<b>2,306,750</b>	<b>3,382,071</b>
Value Added Tax	708,285	1,678,967
<b>TOTAL EXPENDITURES</b>	<b>59,065,117</b>	<b>50,643,202</b>

Total revenue increased by \$468,934,815 or 24% due to the increase in operating revenue by \$289,451,953 or 20% and borrowing revenue by \$187,548,667 or 41% in 2011 compared to 2010.

The increase in operating revenue was attributed to the increase in tax revenue collection, increase in the rate of VAT from 12.5% to 15% and the increase in departure tax levy from \$75 to \$100. In addition, the Land Transport Authority (LTA) road user levies were also part of the operating revenue from 2011.

The increase in borrowing revenue has resulted from the US\$250 million being global bond raised overseas<sup>1</sup>.

Total expenditure increased by \$8,421,915 or 17% as a result of the increase in expenditures for travel and communications. Moreover, there was increase in the electricity bill which resulted from the splitting of the air condition units and the ITCS data centre.

There was also an increase in operating grant during 2011 given to Fiji Revenue and Customs Authority (FRCA).

### 4.3 Unallocable Receipts and Expenditure

The 2011 Appropriation Authority made the following unallocable appropriations which were administered by the Ministry of Finance under the Financial Management Act 2004, section 14 (2):

- Miscellaneous Services (Head 50) of \$226 million;
- Pensions, Gratuities & Compassionate Allowance (Head 51) of \$37.6 million; and
- Finance charges on Public debt (Head 52) of \$797.5 million.

Detailed below in Table 4.2, 4.3 and 4.4 are the receipts and expenditure of the unallocable heads of appropriation for the year ended 2011.

**Table 4.2: Head 50 - Statement of Receipts and Expenditure in 2011**

Description	2011 (\$)	2010 (\$)
<b>EXPENDITURE</b>		
Operating Expenditure		

<sup>1</sup> Cabinet decision number CP (10) 320 dated 9<sup>th</sup> of November, 2010.

Description	2011 (\$)	2010 (\$)
Established staff	3,401,749	14,643,000
Travel & communications	1,952,956	1,721,087
Purchase of goods & services	673,014	1,000,266
Operating grants & transfers	10,574,648	9,868,789
Special expenditures	8,836,861	9,261,843
<b>Total Operating Costs</b>	<b>25,439,228</b>	<b>36,494,985</b>
<b>Capital Expenditure</b>		
Capital Purchases	3,735,796	3,450,953
Capital Grants & Transfers	161,635,782	55,761,705
<b>Total Capital Expenditure</b>	<b>165,371,578</b>	<b>59,212,658</b>
Value Added Tax	2,460,262	2,359,823
<b>TOTAL EXPENDITURES</b>	<b>193,271,068</b>	<b>98,067,466</b>

Head 50 - Miscellaneous expenditure increased by \$95.2 million or 97% in 2011 compared to 2010 as a result of payments made to Housing Assistance for first Home Buyers (\$2 million); Fiji Sugar Corporation financial assistance (\$97.4 million); dredging works (\$2 million), Waila City Development contribution (\$8 million).

**Table 4.3: Head 51 - Statement of Receipts and Expenditure in 2011**

Description	2011 (\$)	2010 (\$)
<b>EXPENDITURE</b>		
<b>Operating Expenditure</b>		
Pensions	23,958,445	23,425,283
Gratuities	951,854	792,483
Compassionate Allowance	8,464,004	8,920,787
<b>Total Operating Costs</b>	<b>33,374,303</b>	<b>33,138,553</b>
<b>TOTAL EXPENDITURES</b>	<b>33,374,303</b>	<b>33,138,553</b>

Head 51 – Pensions, gratuities and compassionate allowances expenditure decreased by \$235,750 or 0.7% in 2011 compared to 2010 as a result of the payment of the phase 4 of the 2003 Job Exercise Revaluation (JER) to retired police officers.

Payment made to Royal Fiji Military Forces (RFMF) officers upon re-engagement increased by 25% in 2011.

Also, gratuity payments increased as a result of payments made to expatriates on contract.

**Table 4.4: Head 52 - Statement of Receipts and Expenditure in 2011**

Description	2011 (\$)	2010 (\$)
<b>EXPENDITURE</b>		
<b>Operating Expenditure</b>		
Finance Charges on Public debt – Miscellaneous Payment	9,375,064	10,314,168
Finance Charges on Public debt – Overseas Loans	334,218,369	55,752,284
Finance Charges on Public debt – Domestic Loans	426,628,464	389,277,207
<b>TOTAL EXPENDITURES</b>	<b>770,221,897</b>	<b>455,343,659</b>

The finance charges on public debt increased by \$314.8 million or 69% in 2011 compared 2010.



The significant increase in expenditure is a result of the repayment of the US\$150 million for the global bonds raised in 2006.

#### 4.4 Appropriation Statement

The Ministry incurred expenditures totalling to \$59,065,117 in 2011 against the revised budget of \$61,044,401, resulting in a savings of \$1,979,284 or 3%. Details of expenditure against the budget estimate are provided in Table 4.5.

**Table 4.5: Appropriation Statement for 2011 – Head 4**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	8,084,344	(245,364)	7,838,980	7,276,128	---	562,852
2	Government Wage Earners	503,354	45,800	549,154	480,329	---	68,825
3	Travel & Communication	1,525,090	31,743	1,556,833	1,457,027	---	99,806
4	Maintenance & Operations	2,256,500	491,923	2,748,423	2,519,971	---	228,452
5	Purchase of Goods & Services	4,344,113	(404,846)	3,939,267	3,771,067	---	168,200
6	Operating Grants & Transfers	39,600,000	---	39,600,000	39,580,448	---	19,552
7	Special Expenditure	1,015,000	(5,000)	1,010,000	965,112	---	44,888
	<b>Total Operating Costs</b>	<b>57,328,401</b>	<b>(85,744)</b>	<b>57,242,657</b>	<b>56,050,082</b>	<b>---</b>	<b>1,192,575</b>
8	Capital Construction	---	22,760	22,760	22,760	---	---
9	Capital Purchases	300,000	38,984	338,984	285,240	---	53,744
10	Capital Grants and Transfers	3,000,000	(1,000,000)	2,000,000	1,998,750	---	1,250
	<b>Total Capital Expenditure</b>	<b>3,300,000</b>	<b>(938,256)</b>	<b>2,361,744</b>	<b>2,306,750</b>	<b>---</b>	<b>54,994</b>
13	Value Added Tax	1,416,000	24,000	1,440,000	708,285	---	731,715
	<b>TOTAL EXPENDITURE</b>	<b>62,044,401</b>	<b>(1,000,000)</b>	<b>61,044,401</b>	<b>59,065,117</b>	<b>---</b>	<b>1,979,284</b>

The Ministry approved the transfer of funds totalling to \$1 million from Head 4.

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

#### 4.5 Statement of Losses

The Ministry of Finance recorded no losses in 2011. However, following the Annual Board of Survey, assets totalling to \$115,895 was written off. Refer to Table 4.6 below:

**Table 4.6: Assets written off in 2010**

Ministry/Department	BOS No.	Amount (\$)	Date Approved	Item
Ministry of Finance	Various	48,750	Various	Various
Information Technology and Computing Services	Various	67,145	Various	Various
<b>Total</b>		<b>115,895</b>		

The Statement of Loss for the Government Printing and Stationery Department (GPSD) was not provided for audit contrary to Finance Instructions 2010, section 71 (1) (f).

#### 4.6 Manufacturing Account – Trading & Manufacturing Activity

Description	31 December 2011 (\$)	31 December 2010 (\$)
Raw Materials (01/01/10)	1,001,481	911,406
Add: Purchases	1,019,100	2,974,740
	<b>2,020,581</b>	<b>3,886,146</b>
Less: Raw Materials (31/12/10)	873,049	1,001,481
Raw Materials Used	1,147,532	2,884,665
Add: Work in Progress (01/01/10)	---	---
Direct Costs	29,832	1,872,732
Direct Labour	144,208	398,032
<b>Cost of Manufactured Goods Transferred to Trading A/C</b>	<b>1,321,572</b>	<b>5,155,429</b>

The Trading and Manufacturing Account is a consolidation of both Government Printing & Stationery Department and Fiji Procurement Office accounts. The total production costs in 2011 amounted to \$1.32 million, of which \$1.15m for raw materials, \$29,832 for direct costs and \$144,208 for direct labour.

#### 4.7 Trading Account – Trading & Manufacturing Activity

Description	31 December 2011 (\$)	31 December 2010 (\$)
<b>Sales</b>	<b>2,278,455</b>	<b>3,442,464</b>
Stock of Finished Goods (01/01/09)	2,895,345	6,038,963
Add: Cost of Manufactured Goods	1,321,572	5,155,429
	4,216,917	11,194,392
Less: Stock of Finished Goods (31/12/09)	3,340,409	2,895,345
<b>Cost of Finished Goods Sold</b>	<b>876,508</b>	<b>8,299,047</b>
<b>Gross Profit Transferred to Profit/(Loss) Account</b>	<b>1,401,947</b>	<b>(4,856,583)</b>

The cost of goods sold amounted to \$876,508 whilst the sales were \$2.3 million, resulting in a gross profit of \$1.4 million.

#### 4.8 Profit & Loss Statement – Trading & Manufacturing Activity

Description	31 December 2011 (\$)	31 December 2010 (\$)
<b>Income</b>		
Gross Profit (Loss) transferred from Trading Account	1,401,947	(4,856,583)
<b>Expenses</b>		
Travel & Communication	2,675	68,882
Maintenance & Operations	140,523	410,649
Other Expenses	98,686	65,107
Value Added Tax	171,024	345,803
<b>Total Expenses</b>	<b>412,908</b>	<b>890,441</b>
<b>Net Profit/ (loss)</b>	<b>989,039</b>	<b>(5,747,024)</b>

The Profit & Loss Statement shows a consolidated net profit of \$989,039 for the Ministry. The major components of expenses include Maintenance & Operations (34%) and Value Added Tax (41%). Other expenses total to 25% comprising of travel and communication (1%) and other expenses (24%).

#### 4.9 Balance Sheet – Trading & Manufacturing Activity

Description	31 December 2011 (\$)	31 December 2010 (\$)
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>16,869,193</b>	<b>15,907,594</b>
<b>Current Assets</b>		
Bank	10,028,815	9,400,983
Raw Materials	873,049	1,001,481
Inventories	3,340,409	2,895,345
Accounts Receivable	2,626,920	2,609,785
<b>NET ASSETS</b>	<b>16,869,193</b>	<b>15,907,594</b>

The Consolidated Net Assets of the Ministry amounts to \$16.87 million.

#### 4.10 Trust Account Statement of Receipts and Payments

Description	31 December 2011 (\$)	31 December 2010 (\$)
<b>Opening Balance 1 January</b>	<b>8,764,640</b>	<b>8,777,701</b>
<b>Receipts</b>		
Receipts from Performance Bonds	814,665	337,951
Trust Receipts	---	---
<b>Total Receipts</b>	<b>814,665</b>	<b>337,951</b>
<b>Payments</b>		
Payments of Performance Bonds	431,374	351,012
<b>Total Payments</b>	<b>431,374</b>	<b>351,012</b>
<b>Closing Balance</b>	<b>9,147,931</b>	<b>8,764,640</b>

The total trust fund for the Ministry has increased by \$383,291 in 2011 compared to 2010 due to receipts of performance bond.

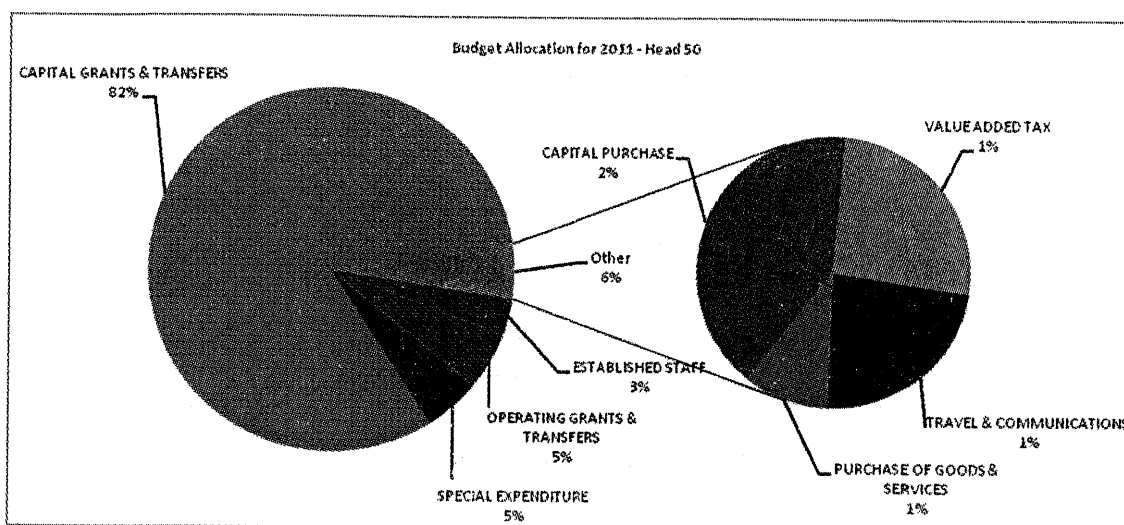
## PART B: AUDIT FINDINGS

#### 4.11 Miscellaneous Payments of Government – Head 50

The budget estimates and budget statements are to be prepared as far as practicable in accordance with internationally accepted standards.<sup>2</sup>

The revised budget for Miscellaneous Expenditure (Head 50) was \$226 million for the year ended 31/12/2011. The distribution of the budget into the various Standard Expenditure Groups (SEGs) is shown in the graph below:

<sup>2</sup> Financial Management Act 2004, Section 13 (3)  
Ministry of Finance

**Figure 4.1: Budget Allocation – Miscellaneous Expenditure of Government [Head 50]**

The Head 50 budget allocation was divided into operating expenditure totalling to \$34 million or 15%, capital expenditure totalling \$189 million or 84% and VAT expenditure totalling to \$2.8 million or 1%. Refer to table 4.7 below for details of budgeted expenditure to the actual expenditure incurred in 2011:

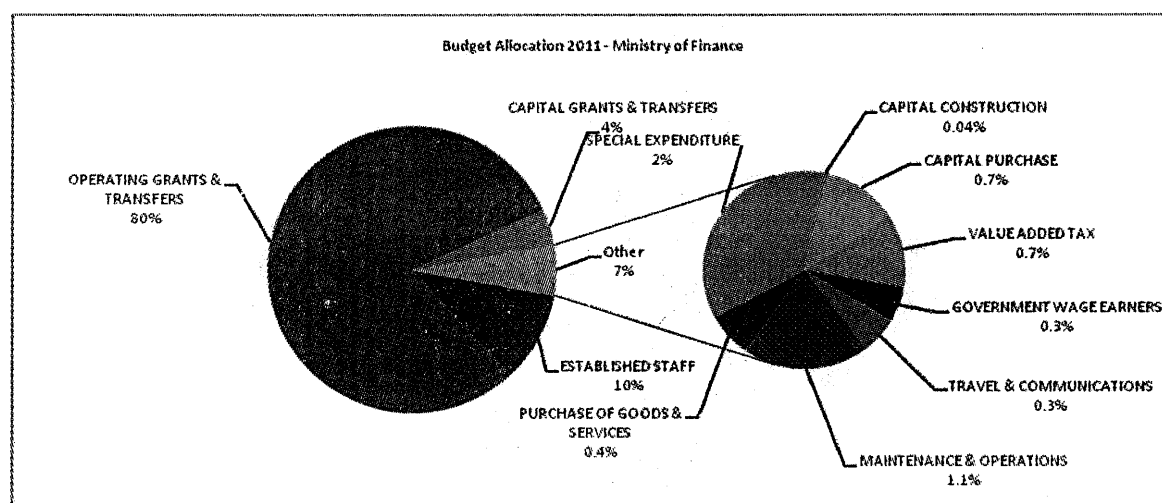
**Table 4.7: Revised Expenditure Versus Actual Expenditure – Head 50**

Expenditure	Revised Expenditure (\$)	Actual Expenditure (\$)	Savings (\$)	%age
<b>Operating Expenditure:</b>				
Established Staff	7,500,000	3,401,749	4,098,251	55
Travel and Communications	2,519,000	1,952,956	566,044	22
Purchase of Goods and Services	1,086,800	673,014	413,786	38
Operating Grants and Transfers	11,515,000	10,574,648	940,352	8
Special Expenditure	11,467,481	8,836,861	2,630,620	23
<b>Total Operating Expenditure</b>	<b>34,088,281</b>	<b>25,439,228</b>	<b>8,649,053</b>	<b>25</b>
<b>Capital Expenditure:</b>				
Capital Expenditure	4,450,000	3,735,796	714,204	16
Capital Grants and Transfers	184,531,215	161,635,782	22,895,433	12
<b>Total Capital Expenditure</b>	<b>188,981,215</b>	<b>165,371,578</b>	<b>23,609,637</b>	<b>12</b>
VAT	2,835,000	2,460,262	374,738	13
<b>Total</b>	<b>225,904,496</b>	<b>193,271,069</b>	<b>32,633,428</b>	<b>14</b>

There was a savings of \$32.63 million or 14% of the budgeted expenditure which indicate that the Ministry had under-utilized those fund allocated in the budget.

#### 4.12 Ministry of Finance – Head 4

The Ministry's revised budget was \$49.5 million for the year ended 31/12/2011. The distribution of the Ministry's budget into the various Standard Expenditure Groups (SEGs) is shown in the graph below:

**Figure 4.2: Budget Allocation - Ministry of Finance [Head 4]**

The Head 4 budget allocation was divided into operating expenditure totalling \$46.8 million, capital expenditure totalling \$2.4 million and VAT expenditure totalling \$0.34 million. Refer to table 4.8 below for details of budgeted expenditure to the actual expenditure incurred in 2011:

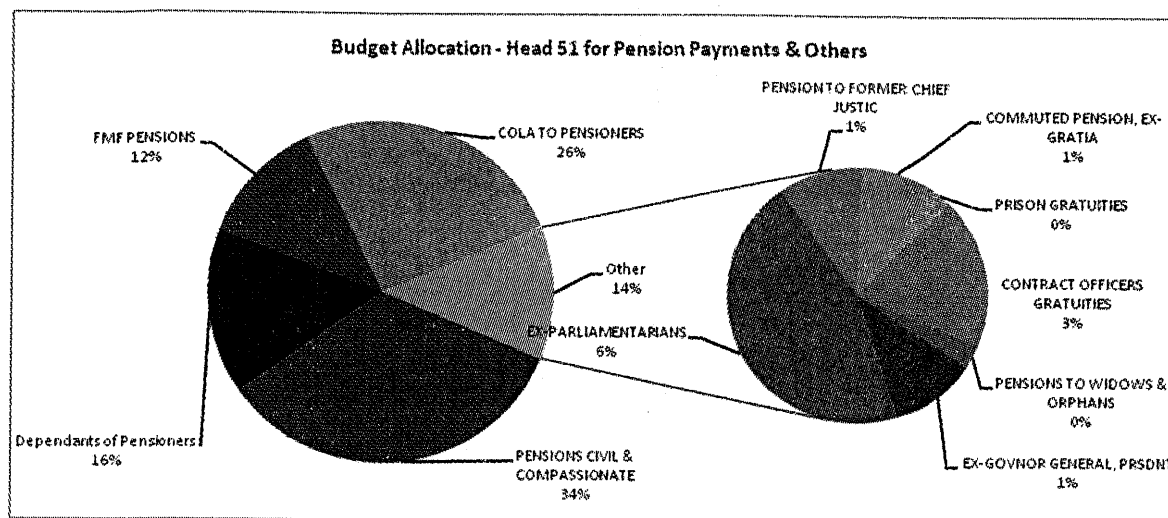
**Table 4.8: Revised Budgeted Expenditure Vs Actual Expenditure - Ministry of Finance**

Expenditure	Budgeted Expenditure (\$)	Actual Expenditure (\$)	Savings (\$)	%age
Established Staff	5,064,478	4,380,761	683,717	14
Government Wage Earners	164,674	140,613	24,061	15
Travel and Communications	167,890	151,014	16,876	10
Maintenance and Operations	570,735	548,967	21,768	4
Purchase of Goods and Services	204,435	189,353	15,082	7
Operating Grants and Transfers	39,600,000	39,580,488	19,512	0.05
Special Expenditure	1,010,000	965,112	44,888	4
Capital Construction	22,760	22,760	---	---
Capital Purchase	338,984	285,240	53,744	16
Capital Grants and Transfers	2,000,000	1,998,750	1,250	0.06
VAT	344,500	160,379	184,121	53
<b>Total</b>	<b>49,488,456</b>	<b>48,423,437</b>	<b>1,065,019</b>	<b>2</b>

There was a savings of \$1.07 million or 2% of the budgeted expenditure.

#### 4.13 Head 51 – Pensions and Other related Payments

The revised budget for pension and other related payments was \$37.6 million for the year ended 31/12/2011. The distribution of the Pension's budget into the various Standard Expenditure Groups (SEGs) is shown in the graph below:

**Figure 4.3: Budget Allocation of the Pensions and Other Related Payment**

The Head 51 budget allocation was divided into operating expenditure totalling \$37.6 million comprising of Pensions, Gratuity and Compassionate allowances. Refer to table 4.9 below for details of budgeted expenditure against the actual expenditure incurred in 2011:

**Table 4.9: Revised Expenditure Versus Actual Expenditure**

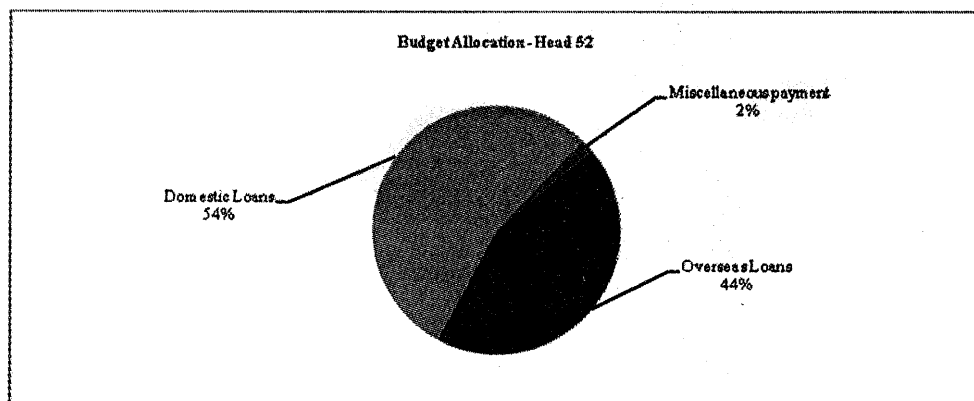
Expenditure	Budgeted Expenditure (\$)	Actual Expenditure (\$)	Savings (\$)	%age
Pensions Civil & Compassionate	12,748,700	11,508,810	1,239,890	10
Payment Of Benefits To Dependants	5,900,000	5,875,656	24,344	0.4
Pensions To Widows & Orphans	143,000	135,491	7,509	5
War Pensions	13,500	3,242	10,258	76
Refund Of Contributions to W&O	2,000	-	2,000	100
FMF Pensions	4,500,000	4,357,595	142,405	3
Ex-Governor General, President	500,000	130,513	369,487	74
Ex-Parliamentarians	2,120,000	1,786,461	333,539	16
Pension To Former Chief Justice	500,000	160,677	339,323	68
Commutated Pension, Ex-Gratia	420,000	24,839	395,161	94
Prison Gratuities	120,000	118,968	1,032	0.9
Contract Officers Gratuities	905,000	808,047	96,953	11
Forestry Gratuities	6,000	-	6,000	100
Cola To Pensioners	9,750,000	8,464,004	1,285,996	13
<b>Total</b>	<b>37,628,200</b>	<b>33,374,303</b>	<b>4,253,897</b>	<b>11</b>

There was a savings of \$4.3 million or 11% of the budgeted expenditure.

#### 4.14 Debt Repayment Expenditures - Head 52

The revised budget for repayments of debt was \$13.4 million for the year ended 31/12/2011. The distribution of the budget into the various Standard Expenditure Groups (SEGs) is shown in the graph below:

**Figure 4.4: Budget Allocation of the repayment of debt**



The Head 52 budget allocation was divided into capital expenditure totalling to \$13.4 million or 2%, Finance charges on Public Debt for Domestic Loan of \$350.4 million or 44% and Finance charges on Public Debt for Overseas Loan of \$433.8 million or 54% of the budgeted expenditure.

Refer to table 4.10 below for details of budgeted expenditure to the actual expenditure incurred in 2011:

**Table 4.10: Revised Expenditure Versus Actual Expenditure**

Expenditure	Budgeted Expenditure (\$)	Actual Expenditure (\$)	Savings (\$)	%age
Interest Treasury Bills	5,000,000	2,081,244	2,918,756	58
Manage Agency And Legal Expenses	2,000,000	2,822,102	(822,102)	(41)
Interest Payment On Fiji Development Bank Loan	4,086,000	3,999,240	86,760	2
Provision For Contingent Liability	1,802,000	-	1,802,000	100
Interest & Principle Payment-Fiji Sports Council Loan	356,400	356,398	2	0
RBF Fees & Charges	165,000	116,081	48,919	30
Fin Charges Pub Debt-Overseas Loans	350,424,100	334,218,369	16,205,731	5
Fin Charges Pub Debt-Domestic Loans	433,753,400	426,628,464	7,124,936	2
<b>Total</b>	<b>797,586,900</b>	<b>770,221,898</b>	<b>27,365,002</b>	<b>3</b>

There was a savings of \$27.4 million or 3% of the budgeted expenditure.

#### Ministry's Comments

*The savings was due to favourable movement in exchange rates which favoured Fiji which was mostly associated with Fin Charges public debt overseas. The savings on interest TBS was attributed by fall in domestic interest rates as a result of excess liquidity in the market.*

*The provision for contingent liability was not utilised due to good performance by guaranteed entities. These provisions normally incur when there is a default by guaranteed entity.*

#### 4.15 Weak Monitoring for Small Grants Scheme

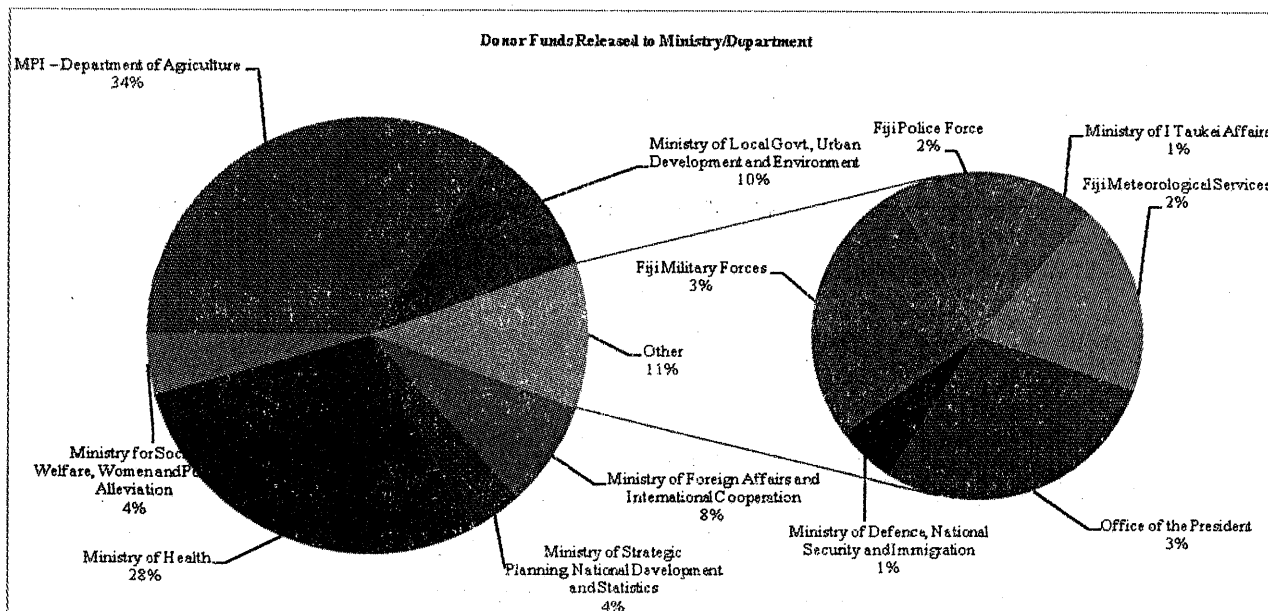
For all donor funds released to Ministries and Departments, the Aid Unit is required to follow up to ensure appropriate acquittals are submitted. This ensures that funds have been expended for the intended purpose by Ministries and Departments. The Small Grants Scheme is a provision under Head 50 where the release of donor funds is charged against.<sup>3</sup>

When donor funds are disbursed to recipients, it is essential that funds are utilized for the intended purposes only. And at the same time, it becomes necessary for the Ministry to strongly implement and maintain its role of monitoring the utilization of funds disbursed.

The national budget makes yearly provision totalling \$2 million for the small grant scheme. These are provisions for the disbursement of donor funds received on ad hoc basis through the consolidated fund account in respect of Ministries/Departments.

For the year ended 31/12/2011, a total of \$6.72 million was received in donor funds, of which \$2.3 million was disbursed to respective Ministries/Departments with the remaining balances being unutilized and receipted in the Consolidated Fund Account. Refer to the graphical representation below for funds released as per Ministry/Department.

**Figure 4.5: Donor Funds Disbursed to Ministries/Departments**



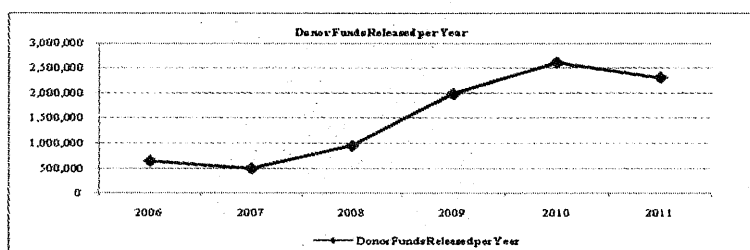
Over the five year period, a total of \$8.99 million has been disbursed to various Ministries/Departments as outlined below in donor funds through small grant scheme:

<sup>3</sup> Process of Channelling of Donor Funds to Government of Fiji Ministries & Departments dated August 2009



**Table 4.11: Aid Funds Disbursed over the 6 Year Period**

Year	Amount (\$)
2006	648,107
2007	500,000
2008	952,032
2009	1,978,502
2010	2,605,184
2011	2,301,852



The audit noted the following anomalies in aid fund disbursements:

- There was no evidence of any verifications of the acquittals to the funds provided to actual projects undertaken;
- The general ledger allocations does have name of various donor organization allocation names, however the Ministry only records these receipts as other miscellaneous grant. Table 4.12 outlines the category of donor in the chart of accounts:

**Table 4.12: Aid Fund Category in FMIS**

Allocation	Description
104100-00000-290301	UNDP
104100-00000-290401	EU
104100-00000-290101	Australian Development Grants
104100-00000-290104	Australian Bilateral Aid Program
104100-00000-290105	Australian Staffing Asst Scheme
104100-00000-290201	NZ Bilateral Aid Program
104100-00000-290202	NZ Supplementation Scheme
104100-00000-290601	Meteorological Services
104100-00000-299999	Other Grants In Aid

- The Ministry of Finance and the recipient Ministries/Departments do not have those acquittals reports on the utilisation of the funds.
- A variance of \$520,993 exists between the record maintained by the Ministry of Finance and the general ledger. Refer to Table 4.13 below:

**Table 4.13: Variance Between Ministry Record and the General Ledger**

Description	Amount (\$)
Miscellaneous Grant released to respective Ministries/Departments as per Ministry of Finance aid unit database	2,301,852
Miscellaneous grant released to respective Ministries/Departments as per the General ledger [1-50101-50999-100131]	1,780,860
<b>Variance</b>	<b>520,993</b>

The above showed the lack of commitment and there is no urgency to ensure that the amounts were correctly recorded to the Aid Units Database records.

### **Recommendations**

**The Ministry should ensure that:**

- recipient memorandum of understanding/agreements are strengthened for legislated reporting by the recipient and the disbursing ministry;
- periodic inspections to projects are undertaken for project completion to account for the benefit of the donor funds disbursed;
- there is improved record keeping for accountability and transparency; and
- Monthly reconciliation is performed to account for the variance between the Ministry records and the general ledger.

#### **Ministry's Comments**

- The Ministry of Finance only has MOUs with bilateral donors such as AUSAID, NZAID etc. There are no MOUs and/or MOAs with recipient agencies.
- The ODA Unit through its donor sectoral meetings has been emphasizing that recipient agencies themselves are to take ownership of monitoring the projects undertaken with reports to be submitted to the Ministry of Finance. The Unit currently has a capacity constraint of 3 full time officers only which will impact if it starts undertaking site visit inspections of every project on the ground.
- The ODA Unit has been delivering SGS Presentations to key recipient agencies that reconciliation will be undertaken on a monthly basis to ensure effective utilization of funds.

#### **4.16 Accounting of Funds released to Ministries/Departments**

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency.<sup>4</sup> Each appropriation is to be administered by the budget sector agency specified in the Appropriation Act concerned or the Ministry of Finance if no agency is so specified.<sup>5</sup>

The principles of responsible financial management are to ensure value for money in the use of money and resources and to report transparently in accordance with relevant accounting and statistical standards.<sup>6</sup>

A total of \$227.1 million has been appropriated under Head 50 that is administered by the Ministry of Finance.

- Expenditure totalling to \$14.5 million was disbursed by the Ministry of Finance for certain Ministries/Departments for Travel and Communications, Purchase of Goods and Services and Capital Grants and Transfers through Standard Liability Group (SLG) 84. There is no acquittal or policy guideline to support SLG 84 transactions; as such sums utilized by such Ministries/Departments could not be verified.

In doing so, Ministry of Finance creates the following accounting entry in the general ledger through journal vouchers: Refer to Table 4.14 for detail.

**Table 4.14: Accounting Entries for Disbursing Funds**

Recording	Description
DR	Head 50 Respective Expense
CR	SLG 84 (Ministry/Department)

<sup>4</sup> Finance Instruction 2010, Section 7

<sup>5</sup> Financial Management Act 2004, Section 14(2)

<sup>6</sup> Financial Management Act 2044, Section 5 (c) (e)

Refer to Appendix 4.1 for details of funds released to various Ministries/departments through SLG 84.

The audit noted that there is no acquittal or policy guideline to support SLG 84 transactions; as such sums utilized by such Ministry/Department could not be verified.

### **Recommendations**

- **The Ministry of Finance in administering those funds for Head 50 should ensure that there is an acquittal or policy guideline with the recipient Ministry/Department for the request of funds and those check mechanism to determine that the funds have been used for its intended purpose.**
- **The Ministry of Finance should engage the internal audit department of Ministry of Finance to audit the statement of acquittals for the funds utilized.**

### **Ministry's Comments**

*The SLG84 account is the clearing account for amounts that were previously passed to agencies IDC account. Previously funds were disbursed to agencies through a Departmental Warrant wherein the MOF IDC was debited upon utilization of these funds. The agencies would debit the IDC account of the MOF who would in turn credit the MOF IDC and debit Head 50. Transactions were similar to table 8, except that instead of SLG84, the IDC of the MOF was debited. These changes came about via Finance Circular No. 01/of 12/01/10.*

- *In the issue of DW's previously, there was no need for any grant agreement. The same applies in this change.*
- *As part of their audit, our internal auditors would also check these accounts with the agencies.*
- *A policy has been prepared on the treatment of this transaction.*
- *Each agency is supposed to reconcile this account monthly.*

### **Further OAG Comment**

The policy and procedure with the adoption of Inter-Departmental Clearance (IDC) account promoted transparency and accountability and was compatible with Government's cash basis of accounting.

When the Ministry/department were engaging into the services with each other, a Departmental warrant (DW) was issued. When expenditures were incurred, there was a "form S" where Ministry/department were to advise the charged Ministry/department of the expenditure incurred and any other details that were necessary. With the removal of IDC, the practice of accountability and transparency has diminished. The SLG 84 account only creates book-entry when allocating funds to respective Ministry/department.

## **4.17 Payment of Medical Bill**

The Accounting Head or an account supervisor must not certify a payment as correct unless they are satisfied that it is in accordance with an Local Purchase Order (LPO), indent, contract, invoice or other authorization.<sup>7</sup>

The Ministry of Foreign Affairs and International Co-operation (FAIC) through its memorandum dated 27/09/11 requested payment of Minister, Ratu Inoke Kubuabola's, hospitalization bill in New York while attending the United Nations General Assembly (UNGA) meeting.

<sup>7</sup> Proforma Finance Manual 2011, section 2.8.4

According to the FAIC memorandum, the Prime Minister, through the Fiji Mission in New York directed that the Government to settle the Minister's medical bill. Minister Kubuabola was hospitalized at the New York Presbyterian Hospital on Friday 23 September 2011 for emergency treatment.

As a result, \$169,084 was transferred through SLG 84 from the General reserve. The following documents or proper justifications were not provided to justify the release of funds:

- The acquittal submitted by Foreign Affairs to Ministry as condition for release of funds;
- The unavailability of the Minister's contract of employment to determine whether entitlement cover hospitalization expenses;
- The formal advice of the Minister of Finance were not made available;

The unavailability of the acquittals, relevant contract documents and authority by Minister of Finance did not provide an assurance that the expenditures incurred have not complied with financial regulations.

### **Recommendations**

**The Ministry of Finance should ensure that:**

- **Statement of Acquittal is received and verified from the Ministry of Foreign Affairs and International Co-operation for the release of the funds for the medical bill;**
- **Justification is provided for the payment of the Ministers medical bill from the public funds; and**
- **Any future release of funds accompanies a memorandum of understanding between the Ministry of Finance and the recipient Ministry for the timely accountability of funds.**

### **Ministry's Comments**

- *Time was of the essence and practically, payment had to be done before the Minister could be discharged thus funds were provided at the time of request based on the amount submitted;*
- *Ministry of Finance had acted upon the receipt of email from the PRUN Office, New York as well as a memo received from the Permanent Secretary for Foreign Affairs which had stated that the Prime Minister and Minister of Finance's endorsement for the payment whilst in NY then. For any further clarification required to be channelled to the PMO;*
- *Ministry of Finance will ensure that acquittals are provided for release of funds under Head 50 and where practical MOU will put in place for future release of funds with respective Ministries/Departments.*
- *On the other hand, Ministry of Finance should be facilitating and not creating bottlenecks for late release of funds if MOUs are to be put in place.*

## **4.18 Journal Vouchers without Supporting Documents**

Each journal voucher or input forms shall be checked by the *Accounting Head* who must ensure that vouchers are adequately supported.<sup>8</sup>

The audit noted that journal voucher number 12/12/11 was raised to clear the balances held in the Post and Telecommunications loan account. The following accounting entries were made without any supporting documents to the journal voucher or reconciliation performed on the account. Refer to table 4.15 for details of these:

<sup>8</sup> Proforma Finance Manual 2011, Section 5.5.6

**Table 4.15: Journal Voucher Raised Without Supporting documents**

Account Description	Account Allocation	Debit (\$)	Credit (\$)
Lending Fund Account	1-04102-04999-910231	817,671	
Loan # 4 – Post and Telecommunications	1-04102-04999-630102		817,671
Loan # 5 – Post and Telecommunications	1-04102-04999-630103	137,804	
Lending Fund Account	1-04102-04999-910231		137,804

The above journals are a reversal of the entries to clear the account.

In addition, the Ministry failed to carry out a reconciliation of these balances before processing the reversal entries. As such the debtor account has increased in 2011 with the credit balance, contrary to the asset nature of the account.

### **Recommendations**

**The Ministry should ensure that Journal vouchers are raised with supporting documents and reconciliations.**

**The Ministry should provide those documents to show that the debt owed by Post & Telecommunications have been paid to ensure that the journal entry made are valid journal entries.**

### **Ministry's Comments**

*The Ministry will implement the recommendations stated above. Necessary entries will be made to reverse the transactions and ensure the account rectified accordingly.*

## **4.19 Recovery of Advances - Former Members on Parliament & Senate**

The ledger reconciliation statement shall be forwarded to the *Accounting Head*. The *Accounting Head* must ensure that all balances are accurate and adequately supported; any misallocations or outstanding balances from the previous month have been dealt with.<sup>9</sup>

A sum of \$173,907 is owed by former members of Parliament and Senate. Reconciliation undertaken for this account did not show the name of these debtors in the various loan categories in Table 4.16.

**Table 4.16: Debt Owed By Members of Parliament**

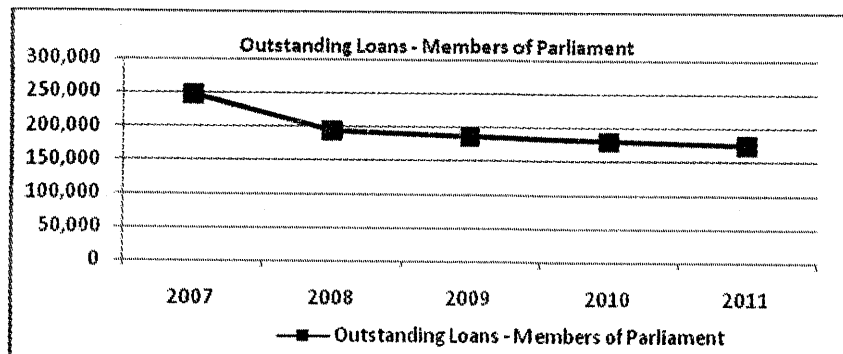
Schedule Listing	Type of Loan	Amount (\$)
Schedule J	Car Advance	214,443
Schedule K	Other Advances	4,955
Schedule L	Interest Adjustment	(45,491)
<b>Total</b>		<b>173,907</b>

Moreover, there were minimal movement in the recovery of advances during 2011 compared to 2010. Refer to Table 4.17 below for advances outstanding over the 5 year period.

<sup>9</sup> Proforma Finance Manual 2011, Section 16.3.6

**Table 4.17: Outstanding Loans to Members of Parliament**

Year	Amount (\$)	Movement (%)
2007	246,981	---
2008	193,587	(22)
2009	184,957	(4)
2010	178,857	(3)
2011	173,907	(3)



The above are indications of weak recovery measures taken to recover these advances and therefore can become irrecoverable with time.

### **Recommendations**

The Ministry should continue to pursue all recovery avenues and make documentation of those follow up with these former Parliamentarians and Senators of the amounts due and any payment arrangement.

### **Ministry's Comments**

*The outstanding car advances are in respect of ten former members of parliament. These cases were referred to FICAC in July 2010. However, FICAC returned all but two files in September 2011 as these two cases were to be legally pursued by them as the vehicles were sold. The Ministry then engaged a bailiff to locate and repossess the vehicles in respect of the five members who did not make any payment in 2011. At this point in time, he has been able to repossess one vehicle.*

## **4.20 Accounts Receivable – SAG 56**

A ledger shall be maintained for advances, petty cash, accounts payable, revolving fund accounts, inter-departmental accounts, cash clearance accounts, expenditure and commitment accounts.<sup>10</sup>

The ledger reconciliation statement shall be forwarded to the Accountant. The Accountant must ensure that all balances are accurate and adequately supported and any misallocations or outstanding balances from previous month have been dealt with.<sup>11</sup>

The Revolving Fund Account (RFA) accounts receivable increased significantly in 2011 to \$1 million compared to only \$956 in 2010. Refer to table 4.18 for the composition of balance owed as at 31/12/11:

**Table 4.18: Composition of Accounts Receivable (SAG 56)**

Account Number	Account Description	2011 (\$)	2010 (\$)
1-04102-04201-560203	AR Individuals	882,588	(146,962)
1-04102-04999-560203	AR Individuals	(225)	(225)

<sup>10</sup> Ministry of Finance – Proforma Finance Manual 2011, Section 16.3.1

<sup>11</sup> Ministry of Finance – Proforma Finance Manual 2011, Section 16.3.6

Account Number	Account Description	2011 (\$)	2010 (\$)
1-04101-04101-569901	Crown Agents	61	61
1-04102-04102-569901	Crown Agents	146,170	146,170
	<b>Total</b>	<b>1,028,595</b>	<b>956</b>

The audit noted that there was a significant increase in accounts receivable balance (natural account, 560203) to \$882,588. The balance consists of VAT charges owed to the Ministry as a result of double payment of \$813,402 and the PAYE tax of \$69,186 which was refunded by FRCA in February, 2012.

It was also noted that the Ministry of Finance do not have any consolidated records of these accounts receivable listings and there is no reconciliations being prepared.

Absences of reconciliations are a result of the revenue not recovered over years and are revolving to be charged to the respective revenue accounts through recovery. Hence, the revenue collected per year is understated.

### **Recommendation**

**The Ministry should ensure that monthly reconciliations are carried out and follow-ups actions instigated for the timely recovery of the revenue due.**

**Surcharge action should be instituted against the responsible officers for not preparing reconciliations and reconciling the Financial Management Information Systems.**

### **Ministry's Comments**

*The other accounts remained stagnant as a result of the map over exercise in 2006 wherein the account was inactive. These charges should have been posted to the current correct account being used now. Adjustments are now being made to post them correctly.*

## **4.21 Accounts Payable – Standard Liability Group (SLG) 84**

If an amount appropriated by Annual Appropriation Act for a financial year has not been used in that financial year; or unlikely to be used within the financial year, the Minister may authorize the carry-over to the following year of all or part of the unused appropriation that relates to known liabilities as at a particular date, and the amount authorized for carry-over may be used accordingly in that following year, subject to such conditions as the Minister specifies in the authorization.<sup>12</sup>

A total of \$3.75 million was credited into the account Standard Liability Group (SLG) 84 as funds set aside from the 2010 budget without any evidence of the Minister's approval contrary to section 19 (1) Financial Management Act, 2004. Table 4.19 shows the funds set aside in 2010 and posted to SLG 84:

**Table 4.19: Funds Set Aside From the 2010 Budget to SLG 84 Allocations**

Account ID	Description	Amount (\$)
1-50101-50999-079916	General Reserves (Operating and Capital)	42,886
1-04106-04699-090172	FMIS Costs	22,000
1-50101-50999-100138	ADB General Capital Increase	500,000
1-50101-50999-071403	Sustainable Energy Projects	3,183,618

<sup>12</sup> Financial Management Act 2004, Section 19 (1)

Account ID	Description	Amount (\$)
Total		3,748,504

Therefore the expenditures recorded in 2010 were only committed expenditure totalling \$3.75million.

Expenditures were incurred from the above SLG 84 balances in 2011 but the Ministry did not record the expenditure items during 2011 contrary to cash basis of accounting adopted by the Ministry.

In addition, there was a balance of \$163,161 from the ADB general reserves which is recorded as miscellaneous revenue in 2011, overstating the revenue collected by the Ministry. The accounting entry made was merely a book entry. Refer to Table 4.20 for details:

**Table 4.20: Accounting Entries for the Miscellaneous Revenue in Year 2011**

Allocation	Description	DR (\$)	CR (\$)
1-04102-04202-840104	ADB General Capital Increase	163,161	
1-04102-04999-279999	Miscellaneous Revenue		163,161

The non compliance to section 19 of the Financial Management Act 2004 for the carry-over of lapsed appropriation and the cash basis of accounting has resulted in the understatement of the expenditure and overstatement of the revenue recorded in the Statement of Receipts and Expenditures of the Ministry's Agency Financial Statement for the year ended 31/12/11.

### **Recommendation**

**The Ministry should ensure that carryover of lapsed appropriation are authorized in accordance to the Financial Management Act 2004, section 19 to correctly record expenditures and revenues on cash basis of accounting for the period which it relates to.**

### **Ministry's Comments**

*A proper assessment was done for each of the expenditures credited to the SLG84 account in December 2010. By this time, the 2011 Budget had been finalized and it was evident that the 2011 appropriation was insufficient to cater for these delayed payments. A policy on the carry-over has now been implemented in 2012.*

*On the ADB Capital increase, a provision of \$500k was provided in the 2010 budget. However, the payment advice from ADB arrived late and thus the payment of \$336,839k was made in early 2011.*

## **4.22 Non-reimbursement of Travel Costs – Minister of Agriculture**

An Officer travelling overseas on duty may be paid per diem allowance at rates prescribed by the Permanent Secretary for the Public Service if the per diem is not provided for by the donor agencies.<sup>13</sup>

Food Agricultural Organization (FAO) would cover the cost of economy travel and daily subsistence allowance for the stay in Rome from 26<sup>th</sup> to 29<sup>th</sup> June, 2011.<sup>14</sup>

<sup>13</sup> General Order, Section 525

<sup>14</sup> Invitation from FAO, Declaration of Global Freedom from Rinderpest, Page 2



The audit noted that a total of \$20,359 was released from Head 50, (Travel vote) to cater for the Minister of Agriculture's air ticket and the per-diem allowances for the FAO meeting. Refer to table 4.21 for details of the travel.

**Table 4.21: Cost Breakdown of Ministers Travel Expenses**

Expenses	Breakdown	Cost (\$)
Air Travel	Business class air fare	13,484
	Local Travel	104
Per Diem	Hong Kong to Rome, plus 10% top up [23/06/11-30/06/11]	6,771
<b>Total</b>		<b>20,359</b>

Despite the letter provided by FAO to pay for cost of the air ticket, daily subsistence allowance, funds were released to the Ministry of Agriculture from Head 50 without carrying any due diligence checks.

Hence, the reimbursement for the subsistence allowance or the air ticket is unknown.

### **Recommendation**

**The Ministry of Finance should always carry out due diligence checks for any submission prior to any approval. Surcharge action should be taken against the Officer authorizing the release of funds from Head 50.**

**The Ministry of Finance should follow-up with the Ministry of Agriculture for the per diem and the air ticket fare reimbursements by FAO.**

### **Ministry's Comments**

*Recommendation is noted. Ministry of Agriculture will be advised to reimburse the costs covered by FAO to Ministry of Finance.*

## **4.23 Failure to Institute Surcharge within Time Limit**

An employee must use government resources and assets in a proper way.<sup>15</sup>

Accounts which have been overdue must be promptly followed up in accordance with debt recovery procedures in the Finance Manual.<sup>16</sup>

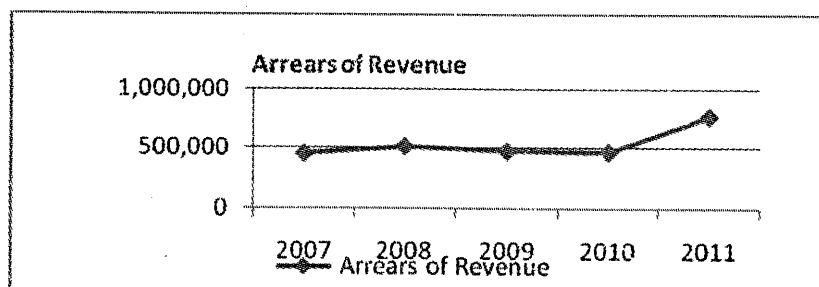
A total of \$769,822 is owed in debt by Ministries/Departments in year 2011 compared to \$469,395 in 2010, an increase by \$300,427 or 64%. These are debt owed to the Ministries in form of surcharges imposed on public officers. Refer to the graphical analysis over the five year period of debt owed as a result of surcharging of officers:

<sup>15</sup> PSC Code of Conduct, Paragraph 8

<sup>16</sup> Finance Instructions 2010, Section 41

**Table 4.22: Arrears of Revenue Over the 5 Year Period**

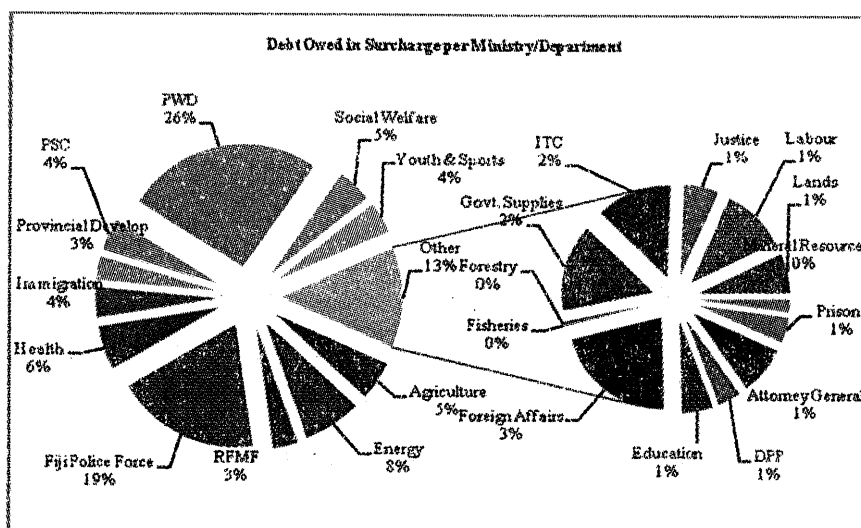
Year	Balance (\$)	%age change
2007	455,065	-
2008	514,423	13
2009	477,635	(7)
2010	469,395	(2)
2011	769,822	64



A substantial increase in debt in form of surcharge indicates that officers are not exercising due diligence in the use of the Government resources and assets. Refer to graphical representation below of officers surcharged in the month of December, 2011.

**Table 4.23: Surcharge Imposed for the Month of December, 2011**

Ministry/Department	Total Surcharged Amount (\$)
PWD	123,180
Fiji Police Force	89,828
Energy	36,575
Health	27,576
Agriculture	24,475
Social Welfare	21,538
PSC	20,884
Youth & Sports	19,552
Immigration	18,900
RFMF	15,524
Provincial Develop	14,537
Foreign Affairs	13,597
Govt. Supplies	9,773
ITC	8,443
Labour	7,126
Attorney General	5,374
Lands	4,414
Justice	3,850
Education	3,405
Prisons	2,893
DPP	2,561
Mineral Resources	1,411
Forestry	248
Fisheries	200
<b>Total</b>	<b>475,863</b>



Furthermore, another contributing factor for the accumulated debt is because the Ministry of Finance failed to impose the surcharge following the Solicitor General's ruling. Refer to table 4.24 for examples of these:

**Table 4.24: Failure to Impose Surcharge**

Name of Officer	Surcharge (\$)	Date SG's Ruling Received	Terminated	Time Lapsed with no Recovery in place
Azad Mohammed	7,000	18/05/2009	07/03/2011	1 year 9 months
Kinivuwai Davetawalu	4,619	22/05/2009	03/12/2010	1 year 6 months
Petero Bativudi	2,900	22/05/2009	29/04/2011	1 year 11 months
Jitendra Prasad	280	29/07/2009	21/05/2011	1 year 9 months
Ilaita Rocobitu	8,340	05/08/2009	12/03/2010	7 months
Ilaita Rocobitu	74	11/05/2009	12/03/2010	9 months
Tomasi Kedrabuka	60	13/05/2009	17/06/2010	1 year

The above finding indicates ineffective controls and lack of supervisory checks performed by the senior staff.

Accumulation of arrears of revenue has a high risk of becoming irrecoverable increasing incidence where administrative and recovery action if necessary can become very costly.

### **Recommendation**

**The Ministry should liaise with Solicitor General's Office on an agreed timeframe which to deal with these surcharge files.**

### **Ministry's Comments**

*The Ministry is trying its best to recover all outstanding surcharges due.*

*The reason for the increase in figures in 2011 was that in late 2010, all vehicle accident files which were normally dealt with at our Vehicle Control Unit were transferred to Surcharge Unit and all this cases were dealt with in 2011 thus causing the figures in our arrears of revenue to increase. Also be mindful that there were few civil cases that were brought to our attention and officers were being surcharged.*

*Details of cases as of 2011 are as follows:*

- i) Vehicle Accident - \$164,537.34*
- ii) Civil Claim - \$87,530.69*
- iii) Losses Report - \$14,783.18*
- iv) Others - \$33,576.00*

*In response to table 42 Surcharge Unit could not do much on the cases mention as all officers were terminated after the Solicitor General's opinion was received. It is interesting to note that OAG had only hand pick few from the submission made to suit their end is reporting the issue.*

*You can note that it took SG's office 4-5 years to notify MOF on their decision and by that time officers have been terminated.*

*There are also instances where disciplinary action are been taken by Ministries and Dept where officers are suspended without Salary, thus living us no option to recover from officers salary.*

*Our status of Arrears of Revenue as at 31<sup>st</sup> March 2012 are as follows:*

<i>Less than 1 Year</i>	<i>- \$225,864.27 (32%)</i>
<i>1-2 years</i>	<i>- \$64,435.01 (9%)</i>
<i>2-5 years</i>	<i>- \$245,259.29 (34%)</i>
<i>More than 5 years</i>	<i>- \$179,781.28 (25%)</i>
<i>Total</i>	<i>- \$715,339.85</i>

#### 4.24 Debts owed by Terminated Staff

Upon death or termination of the surcharged officer during the period mentioned in (2) above, full recovery of the outstanding amount must be made from any dues outstanding by Government to the surcharged officer.<sup>17</sup>

A total \$120,428 of debt owed in form of surcharge relates to officers who have been terminated from the public service. Refer to table 4.25 for details of debt owed with respective Ministries who have been terminated.

**Table 4.25: Debt Owed By Terminated Officers**

Name of Ministry	Amount (\$)
Works and Transport	57,769
Agriculture	29,971
Police	32,688
<b>Total</b>	<b>120,428</b>

Furthermore, there has been no explanation recorded with the surcharge unit about the reason for the termination of these officers and no follow-up done by the Ministry of Finance for their terminations.

The Ministry of Finance may not be reporting to the Heads of Ministries/Departments on the status of the recovery of surcharge action in place.

Failure to advice the Heads of Department of the status of the surcharge actions in place would result in non collection of debts outstanding from terminated officers.

#### Recommendation

**The Ministry of Finance should be proactive and report on a monthly basis to Ministries/ Department Heads the surcharge that is in place.**

**The Ministry should review its policies, and place all the terminated staffs who owe Government for any dues on the Data Bureau database for collection of debts.**

#### Ministry's Comments

*The Surcharge Unit of the Ministry has been working very hard in trying to recover outstanding amounts that are owed by staffs after termination from service. Bulks of amount owed are for that officers whose Services were terminated when the RETIREMENT policy of 55years was introduced by Government in April 2009.*

*Solicitor General's Opinion was sought on the issue and they have advice on the following steps to be taken.*

- i) Only debts accruing within the 6 year time limitation period re coverable by way of legal proceedings. Any debts arising outside of the period cannot be recovered as they are statute barred and are considered bad debts requiring write-off.*
- ii) The Jurisdiction of Court proceedings is determined by monetary limitations.*
  - > \$100 - \$5000. – Small Claims Tribunal*
  - > \$5001 - \$50,000 – Civil Case, Magistrates Court*

<sup>17</sup> Finance Instructions 2010, Section 65 (4)

➤ *Excess of \$50,000- Civil case, High Court*

- iii) *Residential addresses of all Officers to be identified to assist in the serving of Court documents when cases for officers are file in Court.*

*Base on the advice (ii & iii) above, the Unit wrote memos to Ministries and Dept to try and help identify residential addresses of officers. Letters were also written to Fiji National Provident Fund, Fiji Revenue & Custom Authority and Public Trustee but all feed backs were negative.*

*The Surcharge Unit is currently processing the case of Peter Zinck at Suva Magistrates Court who owes \$46,716.94 after he resigned in 2009. He was surcharged \$50,316.94 and \$3,600 has been recovered before he resigned, living a balance of \$46,716.94.*

*Case was first called on 16.04.2012 and been deferred to October 11<sup>th</sup> on the request of his Lawyer Messrs Lateef & Lateef.*

*The Unit had also visited Data Bureau in our effort to place names of staff in the Data Bureau. Solicitor General's opinion was sought on this and they have advised against the move.*

*Since we have now exhausted all avenues to try and recover as requirement under the FI, we have no other option but to submit to appropriate authority for write-off.*

*Please also be mindful that Surcharge should not be taken as a tool to try and interfere or influence in the process of disciplining officers as they should be dealt with separately in accordance with the GO and FI. So it is wrong to say that officers should be held back if they commit a serious offence just because there is a surcharge case pending against them.*

*It is also the duty of Accounting Heads to ensure that whenever an officer is terminated from the system; they should see that any outstanding OPR appearing in the name of officers are to be recovered from any LEAVE or Overtime due.*

## 4.25 Un-presented Cheques

The Drawings Account will be operated for all payments except for those payable from petty cash bank accounts, TMA bank accounts and trust bank accounts.<sup>18</sup>

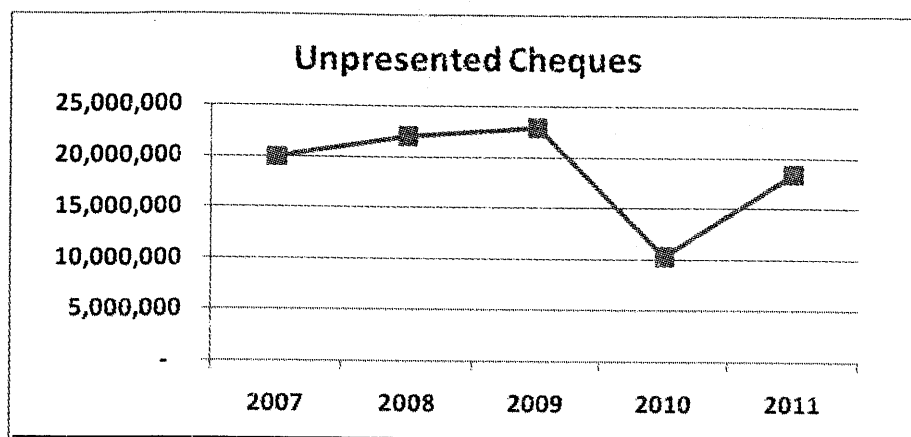
The drawings accounts balances (credits) for the Ministry represent the total value of cheques that were issued but not presented to the banks as at 31/12/11.

Unpresented cheques in 2011 totalled \$18.4 million compared to \$10.3 million in 2010, an increase by \$8.1 million or 79%. Refer to the graphical analysis as below.

**Table 4.26: Unpresented Cheques Over The Five Year Period**

Year	Amount (\$)
2007	19,948,979
2008	21,991,122
2009	22,913,103
2010	10,278,663
2011	18,370,640

<sup>18</sup> Proforma Finance Manual 2011, Section 7.4.3



Moreover, the Ministry has the following drawings account as outlined in table 4.27 below:

**Table 4.27: Unpresented Cheques Over the 5 Year Period**

Account Number	Account Description	2011 (\$)	%age	2010 (\$)	%age
1-04102-04202-530302 & 1-04102-04202-530301	Treasury and PSF	10,375,107	56.48	7,683,508	74.75
1-04102-04251-530195	IRS	4,677,758	25.46	2,381,372	23.17
1-04102-04251-530201	Customs	3,272,452	17.81	156,795	1.53
1-04102-04204-530392	Pensions	24,690	0.14	28,418	0.27
1-04101-04203-530291	Salaries	20,633	0.11	28,570	0.28
	<b>Total</b>	<b>18,370,640</b>	<b>100</b>	<b>10,278,663</b>	<b>100</b>

The substantial increase in unpresented cheques indicates spending concentrated towards the end of year to utilize savings.

For illustration, two payments were made to FRCA totalling to \$8.2 million for VAT arrears owed by Ministries/Departments as outlined in table 4.28 for which there was no evidence to indicate that verification has been carried out before the payment.

**Table 4.28: Payment to FRCA**

Date	Cheque Number	Amount (\$)	Payee	Details
30/12/11	27307	2,311,660	FRCA	Tax arrears [VAT and PAYE] owed by various Ministries/Departments
30/12/11	402713	5,864,527	FRCA	VAT payment for road projects – Buca-Bay and Moto Roads, Sigatoka Valley and Sawani/Serea Roads and Queens road rehabilitation.
	<b>Total</b>	<b>8,176,187</b>		

In addition, the payment of VAT in respect of road projects could not be substantiated in the absence of commercial contract to determine if Government is liable for the payment of this debt.

Moreover, the Ministry of Finance does not prepare the reconciliation for the drawings account relating to Customs and could not explain how this drawings account is utilized.

**Recommendations**

The Ministry should ensure that:

- Payments are regular and paid on a monthly basis to avoid concentration of expenditures at year end.
- Reconciliations are performed and verified before payments are made for taxes in arrears.
- The Ministry should reconcile the drawings account for the Fiji Customs Services.
- The commercial contracts are to be made available and attached to payment vouchers for payments made.

**Ministry's Comments**

- Five cheques totaling \$8.3m accounted for 81% of the unrepresented cheques for Treasury and PSF. These were for statutory payments such as FNPF staff contributions (\$64k), FNPF loan repayment (\$87k), vehicle leasing payment due to Carpenters (\$62k), tax arrears for government (\$2.3m) and VAT payments (\$5.8m) for road projects as stipulated in the agreement with the contractors. Loan agreements signed with overseas lenders were VAT exclusive. As such government had to meet the VAT payment which was paid after verification from FRCA. Some of these payments are made monthly and not only concentrated at the end of the year.
- Apart from the verification from FRCA, government departments were asked to also verify the arrears after which payment was then made.
- The Ministry of Finance only oversees the Drawings account of government ministries and departments and not statutory bodies such as FRCA.
- The commercial contract would be attached with the payment voucher for the first payment. For any other later payments, reference could be made to the file.

**Further OAG Comments**

Attempts to locate the commercial contract were futile. The registry could not even provide the commercial arrangements between the Ministry of Finance and the contractors for the payment of the VAT.

**4.26 Variance between GL and FRCA Revenue Report**

The function of the Fiji Revenue Customs Authority (FRCA) is to act as an agent of the State and provide services in administering and enforcing the laws specified in schedule 1 of the FIRCA Act.<sup>19</sup>

A total of \$2.9 million variance has been noted between the Ministry of Finance general ledger and the FRCA revenue collection report for 2011. Refer to Table 4.29 for details:

<sup>19</sup> FRCA Act 1998, Section 22 (a)

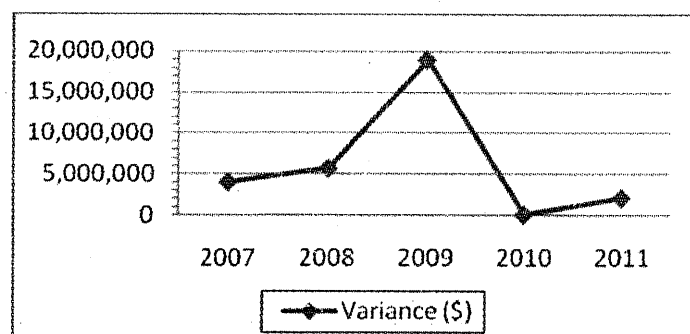
**Table 4.29: Variance in Revenue Collection Between FRCA Report and MOF General Ledger**

Revenue Codes	Description	MOF GL Balance (\$)	FIRCA Revenue Report Balance (\$)	Variances (\$)
104102-04251-210101	Income Tax	510,245,463.30	511,109,083.00	- 863,619.70
104102-04251-210107	Capital Gain Tax	3,254,911.66	3,254,912.00	0.34
104102-04252-210101	Income Tax Refunds	- 34,690,964.12	34,645,331.00	
104102-04251-220101	Customs Import Vat	424,212,616.50	424,618,472.00	- 405,855.50
104102-04251-220199	Value Added Tax	384,907,717.96	383,942,614.00	965,103.96
104102-04252-220199	Value Added Tax Refunds	- 186,838,287.66	186,834,141.00	
104102-04251-220299	Fiscal Duty	237,083,384.07	237,169,888.00	- 86,503.93
104102-04251-220399	Excise Duty	76,092,318.80	76,109,115.00	- 16,796.20
104102-04251-220499	Export Duty	7,455,644.94	7,544,876.00	- 89,231.06
104102-04251-220501	Import Excise Duty	22,803,105.50	22,874,531.00	- 71,425.50
104102-04251-220601	Hotel Turnover Tax	36,285,368.39	36,488,839.00	- 203,470.61
104102-04251-220701	Water Resources Tax	34,714,524.15	34,714,524.00	0.15
104102-04251-221001	Fish Levy	1,034,710.95	1,034,711.00	- 0.05
104102-04251-221301	Luxury Vehicle Levy	95,000.00	95,000.00	-
104102-04251-229999	Misc Fees & Receipts	863,892.21	5,776,596.00	- 1,179,145.21
104102-04251-229999	Misc Fees & Receipts (Recovery)	-	6,091,849.00	
104102-04251-230201	Stamp Duty	12,033,072.05	13,066,154.00	1,033,081.95
104102-04251-230316	Departure Tax	56,810,139.25	59,019,964.00	2,209,824.75
104102-04251-230301	Agrictrl Produce & Inspection	148,422.67	148,925.00	- 137.04
104102-04251-279999	Sundries	365.29		
		1,586,511,405.91	1,589,396,883.00	- 2,885,477.09

Moreover, the variances have not been rectified for some time which indicates the absence of reconciling the revenues to Government from the FRCA. Refer below for the table and graphical representation:

**Table 4.29: Ministry of Finance General Ledger Vs FRCA Revenue Records over 5 Year Period**

Year	Balance as per MoF GL (\$)	Balance as per FRCA report (\$)	Variance (\$)
2007	1,230,363,365	1,234,452,416	4,089,051
2008	1,479,386,639	1,485,119,257	5,732,618
2009	1,391,183,624	1,410,124,642	18,941,018
2010	1,212,727,413	1,212,564,615	162,799
2011	1,393,293,665	1,391,136,145	2,157,520



The following reasons have been attributed to be the cause of the variances:

- timing difference in lodgements
- effects of refunds, that is, FIRCA records refunds at the time the cheque is released while the Ministry records refunds when the cheque is presented; and
- The effect of dishonoured cheques which will be reflected in the Ministry's books and then later in FRCA's books.



However, a reconciliation explaining the variances for 2011 revenue collected is yet to be done, despite both the principal-agent recording revenue at cash basis.

This issue has been highlighted in the previous audit reports; however, effort to reconcile the balances is yet to materialize.

### **Recommendation**

**The Ministry of Finance should obtain monthly revenue reports from FRCA and reconcile these variances with the general ledger.**

### **Ministry's Comments**

*In essence, the data recorded in the MOF General Ledger (GL) will always be different than the figures provided in the FRCA revenue report, as is evident in the records. The difference arises due to the different accounting method used by the Fiji Revenue & Customs Authority (FRCA) and the Ministry of Finance (MOF), whereby FRCA records revenue on a accrual basis while MOF records revenue on a cash based accounting principles.*

*All the transactions in the accounts listed above are recorded according to the journals submitted to MOF from FRCA every month.*

### **Further OAG Comments**

The revenue collected and recorded by the FRCA on behalf of the state is as when the revenue is collected, that is, on cash basis of accounting and this is disclosed separately in the Notes of the FRCA financial statement.

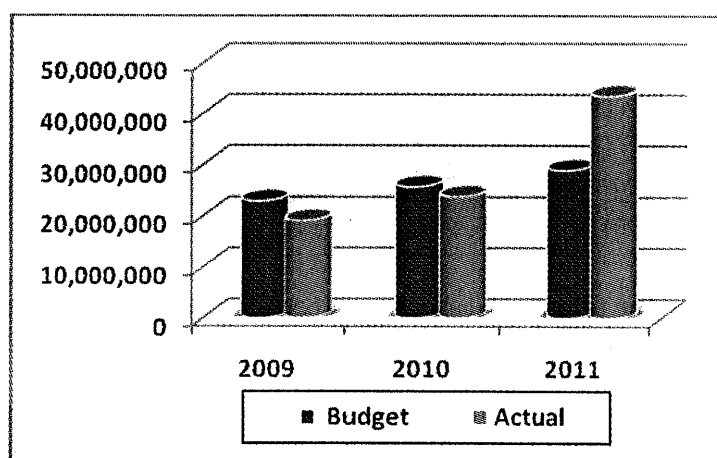
## **4.27 Revenue Collection - Land Transport Authority**

All revenue earned by Land Transport Authority (LTA) is to be paid to Government (Consolidated Fund Account) from 2008.<sup>20</sup>

A total of \$43.5 million in Land Transport revenue was collected against a total budget of \$28.9 million, \$14.6 million collected in excess for the year ended 31/12/2011. Table 4.31 outlines the revenue collected and graphical representation for LTA revenue collected since year 2009.

**Table 4.31: LTA Revenue Collection Over the 3 Year Period**

Years	Budget (\$)	Actual Collection (\$)	% Collected
2009	22,960,000	19,113,437	83
2010	25,746,600	23,822,412	93
2011	28,964,000	43,479,561	150
Total	77,670,600	86,415,410	111



<sup>20</sup> Cabinet Decision No.457 of 9 October 2007

The Ministry of Finance did not carry out any reconciliation of the revenue receipted by the LTA into Consolidated Fund Account (CFA) to validate all incomings to LTA records and therefore the revenue may be either under or overstated. Below is the variance between the general ledger balance and LTA records.

**Table 4.32: Variance Between LTA Record and the General Ledger**

Year	GL Balance (\$)	LTA Amount (\$)	Variance (\$)
2008	19,081,740	19,156,832	75,092
2009	19,113,437	17,047,618	2,065,819
2010	23,822,412	28,915,980	5,093,568

*2011 amounts have not been audited*

In addition, it is noted that LTA lodged all revenue inclusive of VAT into the CFA. However, the VAT collected in trust has not been remitted to FRCA yet. Also, the Ministry of Finance charged the whole VAT inclusive revenue as LTA fees rather than charging the VAT to the VAT collected in trust account.

As a result, the LTA fees collected in the agency financial statement is overstated.

### **Recommendations**

**The Ministry should carry out a reconciliation exercise for the revenue received from Land Transport Authority and the Ministry's general ledger balances. The Ministry should carry out a review for any major variances and ascertain the reasons for it.**

**The Ministry should in consultation with LTA ensure that VAT collected in trust is lodged to FRCA accordingly.**

### **Ministry's Comments**

*The MOF produces monthly GL report of all accounts for the purpose that every ministry/department or agency that maintains such accounts is required to reconcile their records against this GL report. It is the responsibility of the agency as part of good internal controls that they prepare monthly reconciliations which is to be submitted to the MOF. Any variance between the agency record and the GL report should be verified and corrected by the agency. The same applies to LTA.*

*In light of the above, the Ministry of Transport (who gives LTA their grant) could consider including in their grant agreement a condition that requires LTA to submit to them proper monthly reconciliations in order to mitigate the above issue.*

*In regards to the issue relating to VAT on LTA fees and charges, we note that this is a policy issue which would be addressed through further consultation between Government and FRCA.*

## **4.28 Departure Tax Collection**

Airport Departure tax (Amendment) regulations 2011<sup>21</sup> states that of the \$100 collected in taxes, ninety dollars will be paid directly to the Consolidated Fund Account (CFA) and ten dollars to be paid to Airports Fiji Limited.

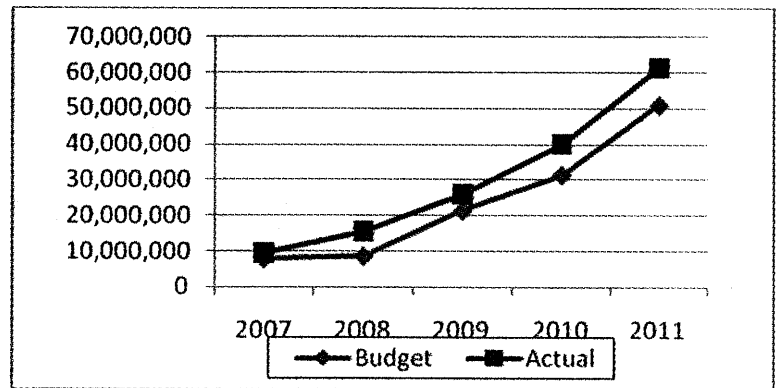
<sup>21</sup> Fiji Islands Government Gazette Supplement, No. 25 dated 8th July 2011

In addition, memorandum dated 14/04/11 from the Attorney General advised FRCA to collect all airport departure taxes from airlines and travel agents for distribution.

A total of \$61 million was collected in departure tax revenue compared to a budgeted forecast of \$51 million. Refer to the graphical representation for departure tax collected below over the five year period:

**Table 4.33: Budgeted Vs Actual Revenue Collection Over the 5 Year Period**

Year	Budget (\$)	Actual Remitted (\$)	% age Collected
2007	7,888,300	9,397,340	119
2008	8,559,400	15,546,614	182
2009	21,384,100	26,040,576	122
2010	31,384,600	40,012,315	127
2011	51,000,000	61,288,625	120
<b>Total</b>	<b>120,216,400</b>	<b>152,285,470</b>	<b>127</b>



Despite the departure tax revenue collection surpassing the forecasted revenue collection, the budgetary forecast tends to be under forecasted since 2007.

Furthermore, disbursements by the FRCA to the Ministry of Finance of departure taxes remitted have not been supported by the number of the departing passengers per airline nor has there been any independent verification by the Ministry of Finance for the departure tax remitted for Governments share.

In addition, there has been no reconciliation received from FRCA for the distribution of the departure taxes and whether the revenue reflected in the CFA is all Government's share of the departure taxes.

The above anomalies indicate the risk of loss of undetected Government revenues from departure taxes.

### **Recommendations**

**The Ministry should ensure that budget forecasts of revenue are realistic and that independent verification of revenue remitted are carried out.**

**Charges on departure tax revenue not remitted to Airports Fiji Limited is disclosed on the financial statement of the Ministry of Finance.**

**The Ministry should put in place a memorandum of understanding for FRCA to collect all dues with supporting documents.**

### **Ministry's Comments**

*In terms of tax forecast, please note that from a policy perspective, it is always prudent to be conservative when forecasting revenues, to ensure that sufficient fiscal space are available to protect against unforeseen expenditure risks. Further to this, proxy indicators used to forecast revenues sometimes vary significantly from the forecast and leads to revenue variations.*

*Please note that all departure tax collected by FRCA is distributed by the Authority and the respective shares are disbursed to Airports Fiji Limited and to Government. The departure tax is provided in the financial statements, particularly the Government cash flow statements.*

*In regards to the Audit team's suggestion, this will be taken into consideration by the Ministry and amicably discussed with FRCA.*

#### **4.29 Lack of Reconciliation - Water Rates Collections**

Each Accounting Head must ensure that revenue is recorded against the correct account as per the Chart of Accounts and the recording of revenue is reconciled monthly with the Ministry of Finance.<sup>22</sup>

A total of \$24.7 million in water rate charges was remitted to the Ministry of Finance through the consolidated fund account. The collection surpassed the budgeted revenue forecast of \$21.5 million, an increase by \$3.2 million or 15% for the year ended 31/12/11. The Ministry of Finance however, did not reconcile the collection remitted by Water Authority of Fiji (WAF).

In addition, a total of \$198,693 was refunded to WAF through payment voucher number 401917 on 13/09/11. However, the following anomalies were noted:

- The payment voucher did not have the correspondence from the Permanent Secretary for Public Enterprise requesting the refund;
- The reason for the refund could not be explained by the Ministry of Finance;
- The original receipt of the refund made;
- The reason for the crediting \$25,916 as the applicable VAT expenditure;
- The failure to determine if the revenue collected initially has been lodged for VAT collected in trust with FRCA.

The above shows Ministry of Finance's lack of commitment to exercise due diligence for the refund of the revenue made and taking precautionary measure to safe guard the resources of the Government.

In the absence of reconciliations, it cannot be deduced whether the revenue collected is fairly stated.

#### **Recommendation**

**The Ministry should ensure that budget forecasts of revenues are realistic and that independent reconciliation of revenue remitted are carried out on a monthly basis.**

#### **Ministry's Comments**

*Before the Authority (WAF) was established, the Water Rates Office (as the collecting agency) would verify the amounts deposited into the CFA (as per MoF GL records) against their departmental records. We suggest that the Auditor General conduct an audit at the WAF to establish the correctness of collections. Also, perhaps this requirement (reconciling of collections) should be included in their grant agreement.*

*In terms of tax forecast, please note that from a policy perspective, it is always prudent to be conservative when forecasting revenues, to ensure that sufficient fiscal space to protect against unforeseen expenditure risks.*

<sup>22</sup> Finance Instructions 2010, Section 21

**Further OAG Comments**

Irrespective of OAG conducting the audit of WAF, the issue will still arise in the absence of the non-performance of the reconciliation.

**4.30 Excessive Mileage - Leased Government Vehicles**

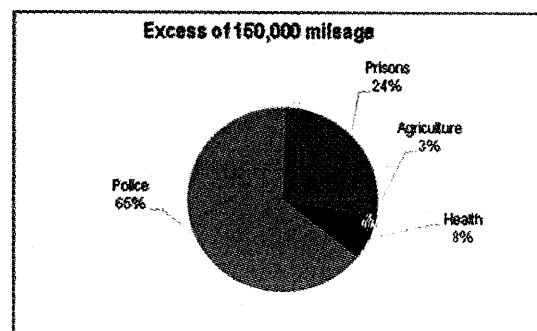
Cabinet decision dated 21<sup>st</sup> October, 2008 approved the strategy to lease vehicles instead of buying, owning and operating vehicles unless they are specialty vehicles. Also, \$2.83 million per year for the next 4 years to lease the first 183 vehicles for the Fiji Police Force/Defense, Fiji Prisons and Corrections service, Fiji Military Forces, Ministry of Health and Ministry of Agriculture.<sup>23</sup>

The Lessee (Government) shall pay the Dealer the excess usage fee of a maximum of \$0.22 for each kilometer travelled in excess of 150,000 kilometers (or pro-rata for any period less than the period of lease); such fee shall be paid at the termination of the lease.<sup>24</sup>

Our review of the lease records noted that \$152,083 have been incurred for excess mileage cost for the year ended 31/12/11. Refer to Table 4.34 for cost per Ministry/Department that has exceeded the authorized mileage.

**Table 4.34: Ministries in excess of agreed mileage**

Ministry	Excess Mileage (KM)	Additional Unit Cost (\$)	Total Cost (\$)	%age of Total Cost
Agriculture	21,544	0.22	4,740	3
Health	54,518	0.22	11,994	8
Police	446,834	0.22	98,303	65
Prisons	168,390	0.22	37,046	24
<b>Total</b>	<b>691,286</b>	<b>0.22</b>	<b>152,083</b>	<b>100</b>



Furthermore, vehicle leasing records indicated that Fiji Military Forces is the only Department that has contained the mileage within the lease agreement.

The above indicated lack of proper planning to correctly forecast the standard mileage based on the piloted Ministries/Departments' nature of operations.

In addition, Appendix 4.2 highlights vehicles that will be exceeding the authorized mileage. However, the Ministry of Finance failed to advise the affected Ministries/Departments of the vehicle leasing arrangement with regards to costs to be incurred from excess mileage.

Payments at the end of the lease period could burden Government's cash flow with substantial payout that will be needed should the mileage in excess of the authorized mileage not be contained.

**Recommendation**

**The Ministry of Finance should review the authorized mileage per Ministry/department with the lessor and the respective Ministries/Departments in light with the nature of the operations and**

<sup>23</sup> Cabinet Decision CP (2008) – 20th Meeting

<sup>24</sup> Master Operating Lease Agreement, Section 6.1

that monthly reports are sent to Heads of Departments to instigate measures to contain the authorized mileage.

### **Ministry's Comments**

*The Ministry of Finance issues a monthly reminder to the 5 Departments advising them of high mileage issues with the tracking report and the costs involved. However, it was difficult for the Departments to maintain the mileage usage rate due to the nature of their operations. Therefore the Ministry of Finance has entered into the Agreement with the Lessor that the Dealer (Asco Motors) extend the kilometer limit from 150,000km to such additional kilometers as may be agreed between the Lessee and the dealer for any leased vehicle. This arrangement is also part of the Master Lease Agreement on the 2nd phase of leasing from Asco Motors, to cater for Departments that exceed the authorized mileage before the end of the term. OAG is invited to sight the new agreement with a Lessor.*

### **4.31 Failure to Return Boarded Vehicles**

Cabinet in its decision approved the strategy to lease vehicles instead of buying, owing and operating vehicles unless they are specialty vehicles.<sup>25</sup> Also, \$2.83 million per year for the next 4 years to lease the first 183 vehicles for the Fiji Police Force/Defense, Fiji Prisons and Corrections service, Fiji Military Forces, Ministry of Health and Ministry of Agriculture.<sup>26</sup>

The audit noted that Ministries/Departments were still holding on to those boarded vehicles which are to be handed over to the Ministry of Finance's Vehicle Control Unit upon issuance of new vehicles.

Appendix 4.3 provides listing of these Ministries/Departments.

Furthermore, the audit noted that the repair and maintenance costs for these vehicles are increasing and hence are additional costs despite the provision of the leased vehicle.

Refer to table 4.35 below for details of the repair and maintenance costs of 5 of the respective Ministries/Departments over a 2 year period:

**Table 4.35: Repairs and Maintenance Cost for 5 Departments Retaining Boarded Vehicles**

No.	Departments	File Ref.	2011 Costs (\$)	2010 Costs (\$)	Change	%age	New Vehicles
1	Women, Social Welfare & Poverty Alleviation	99/14/40	61,776	40,753	21,023	34	3
2	Local Government, Housing & Environment	99/14/19	41,979	39,747	2,232	5	4
3	Public Enterprise & Public Sector Reform	99/14/49	5,465	3,898	1,567	29	1
4	Department of Co-operatives	99/14/38	18,532	16,238	2,294	12	1
5	PM's Office	99/14/30	7,140	5,375	1,764	25	3

According to the Officer in Charge at the Vehicle Control Unit, due to lack of storage space the boarded vehicles are not in Ministry of Finance's custody.

Hence, the rising cost of the motor vehicle expenditure indicated that these departments are utilizing the boarded vehicle defeating the very purpose of leasing vehicles.

<sup>25</sup> Cabinet Decision 469, Proposed Policy on the Leasing of Vehicles for Government Use. IGCP(08)391

<sup>26</sup> Cabinet Decision CP (2008) – 20th Meeting

**Recommendations:**

The Ministry of Finance should only provide leased vehicles to the respective Ministries/Departments where the need is and where the boarded vehicles are not in road worthy condition to be driven.

**Management Comments**

*Ministries and Departments are always advised when allocated with a new leased vehicle to ensure that existing vehicles that are due for replacement are to be boarded and written-off as soon as possible. However, the departments still used the boarded vehicles as mentioned in your report due to the delay of releasing of a new lease vehicle from the Dealer. Most of the new leased vehicles were delivered to the respective ministries at the end of last year 2011 and beginning of this year.*

**4.32 Delay in submission of Accident Reports**

Within 24 hours after the accident, the driver shall prepare an accident report. The report must outline time and date of accident; driver's name and vehicle registration number; extent of damage and physical injuries suffered; description of how accident occurred; details of other vehicle involved names and contact addressed of witnesses; and any other relevant information.<sup>27</sup>

Timely submission of accident reports by drivers are vital because it allows the Solicitor General's Office and the Vehicle Control Unit (VCU) to act efficiently and appropriately to make the necessary arrangements and submissions in order to recover the costs.

Our review noted that motor vehicle accident reports take up several months before it is submitted to the Solicitor General's Office. The table 4.36 outlines a sample to accident reports that was delayed.

**Table 4.36: Delay in The Submission of Accident Report**

Accident Date	Date Report Received	Delay Time Frame	Vehicle	Department	Cost (\$)
16/02/11	15/07/11	4 months 29 days	GN 752	Prisons	15,919
4/3/2011	25/08/11	5 months 21 days	GN 987	Health	11,975
23/03/11	24/11/11	8 months 1 day	GN 702	Prime Minister's Office	2,200
23/03/11	24/11/11	8 months 1 day	FP 408	Prime Minister's Office	2,730
20/04/11	30/11/11	7 months 10 days	GM 857	Prime Minister's Office	6,770
1/4/2011	8/2/2012	10 months 7 days	GM 617	Agriculture	Not Stated
1/6/2011	9/2/2012	7 months 8 days	GN 204	Police	10
1/8/2011	18/01/12	5 months 17 days	GM 442	Forestry	12,500
22/08/11	10/2/2012	5 months 19 days	GN 809	Agriculture	850
12/9/2011	11/1/2012	3 months 30 days	GL 862	Lands	Not Stated

The above shows the laxity by Ministries/Departments in complying with section 12.6.4 of the Finance Manual and is one of the reasons for the delay in the imposition of surcharge of officers resulting in the abandonment of debt owed.

<sup>27</sup> Ministry of Finance, Finance Manual, Section 12.6.4

**Recommendation**

**The Ministry should remind the respective Departments/Ministries and reiterate the importance of timely submission of any vehicle accident report.**

**The officers responsible of the respective Ministry/Department are to be surcharged for failing to forward accident report in accordance to Finance Manual, Section 12.6.4.**

**Ministry's Comments**

*The Vehicle Control Unit will send a reminder in a form of a Circular Memorandum to remind Ministries/Departments of the importance of timely submission of any vehicle accident report. Transport rules and regulation are very clear on processes to be followed when accidents occur to government vehicles.*

**4.33 Delayed Response from Solicitor General's Office**

The accident report, Police report (if available), Solicitor General's advice and the Deputy Secretary Finance (Administration) recommendations will all be taken into consideration by the surcharging authority before any surcharge is imposed.<sup>28</sup>

The audit noted a total of 115 reported accident cases as at 31/12/2011 of which 77% or 89 of these cases are still pending with the Solicitor General's Office totaling in repairs of to \$329,035. Refer to table 4.37 for details of these:

**Table 4.37: Pending Motor Vehicle Accident Cases with the Solicitor General's Office**

Month	Pending Cases	Repair Costs (\$)
January	3	38,876
February	10	48,922
March	10	24,972
April	6	18,120
May	6	2,777
June	9	11,868
July	3	712
August	8	17,178
September	7	3,642
October	11	91,630
November	8	51,039
December	8	19,298
<b>Total</b>	<b>89</b>	<b>329,035</b>

Delay in processing accident cases will affect surcharge actions on offenders or officers responsible for accidents.

<sup>28</sup> Ministry of Finance, Finance Manual, Section 12.6.4



**Recommendations:**

**The Ministry of Finance should initiate ways to provide assistance to Solicitor General to expedite the advice sought for effective and prompt imposition of the surcharges.**

**Ministry's Comments**

*The Vehicle Control Unit initiates assistance to the Solicitor General's Office by following-up with Min/Depts. to submit the required and relevant documents regarding accident cases on time, so the cases are closed satisfactorily. Surcharge of officer (drivers) will only take place after SG's opinion is obtained.*

**4.34 Variance between CSDRMS and the FMIS**

Each Accounting Head must ensure that revenue is recorded against the correct account as per the Chart of Accounts and the recording of revenue is reconciled monthly.<sup>29</sup>

Commonwealth Debt Recording System (CSDRMS) is the debt recording software system used by the Ministry of Finance for the recording of borrowing and repayments transactions.

A variance of \$24.8 million was noted between the borrowing revenue recorded in the general ledger, natural account, SRG 41 and the revenue recorded in the CSDRMS system. Refer to table 4.38 for details of these:

**Table 4.38: Unverified figures in borrowing revenue account**

Loan Description	Fund 1 Account	FMIS (\$)	CS – DRMS (\$)	Variance (\$)
Flood Recovery Loan	1-04104-04402-410315	4,721,873	4,753,678	31,805
3 <sup>RD</sup> Upgrading Road Project	1-04104-04402-410316	11,258,429	11,603,857	345,428
Road Improvement Loan Sigatoka	1-04104-04402-410205	26,018,963	25,890,479	128,484
Suva/Nausori Water Supply SP	1-04104-04402-410310	21,098,810	12,927,060	8,171,750
Road improvement Loan Buca	1-04104-04402-410206	24,654,993	24,510,317	144,676
International Global Band	1-04104-04402-410318	452,305,199	435,576,012	16,729,187
<b>Total</b>		<b>540,058,267</b>	<b>515,261,403</b>	<b>24,796,864</b>

The above variance is the result of not reconciling the CSDRMS disbursements for the debt incurred through direct disbursements, interest capitalized and in-kind loan received.

**Recommendation**

**The Ministry should perform reconciliations on monthly basis of the general ledger and supervisory checks are to be strengthened.**

**The Ministry should ensure that communication and demarcation of responsibilities within the respective division of the Ministry are to be clear for the processing of transactions.**

**Management Comments**

*The comments are noted. MOF will undertake monthly reconciliation to ensure that CSDRMS corresponds with FMIS balances. Some Audit queries arise due to changes in staff within the Unit towards end of 2011. However, at beginning of 2012, the staffs were given specific responsibilities to ensure monthly reconciliation of Loan*

<sup>29</sup> Finance Instruction Section 21 Subsection 1 Part A

*Accounts that comes under their portfolio. This segregation of duties will rectify the issue stated above. PAO (Risk) will now oversee the checking of ledger entries and cs-drms on monthly basis.*

#### 4.35 Unrecorded Loan Proceeds in the General Ledger

The Accounting Head is responsible for the safe keeping and proper maintenance of all accounting records or documents.<sup>30</sup>

Loans raised through bonds locally totaled to \$81.5 million in the general ledger as at 31/12/11.

The audit noted a total of 3 loan portfolios amounting to \$35.9 million were not recorded in the general ledger. Detail of these loans is tabulated on Table 4.39

**Table 4.39: Domestic revenues received not posted to the system**

Loan References	GL Account	RBF Advice	Loans Raised (\$)
FDL 18	1-04104-04402-420118		13,504,440
FDL 19	1-04104-04402-420119		11,300,000
FDL 20	1-04104-04402-420120		11,105,436
<b>Total</b>			<b>35,909,876</b>

The Ministry could not provide a satisfactory explanation to this. In addition, the Ministry failed to perform monthly reconciliation of the loans raised to what is recorded in the general ledger.

#### Recommendations

**The Ministry should maintain proper records to ensure the accuracy of recording in the general ledger and perform regular reconciliation of transaction entered therein.**

#### Management Comments

*We note the issue raised and will undertake monthly review to ensure true records are reflected in the FMIS. With the recruitment of additional staff this issue will be rectified in 2012.*

#### 4.36 Borrowing from Fiji Development Bank for the Sugar Cane Growers Fund

Cabinet in its 24<sup>th</sup> meeting of 2004 agreed to pay its debt to Sugar Cane Growers Fund (SCGF) through a borrowing from the Fiji Development Bank. Further, Cabinet agreed that Government enter into a loan agreement with the Fiji Development for the \$25.2 million and subsequently repay the full amount plus interest to the Bank at terms and conditions agreed upon by the two parties.<sup>31</sup>

The audit noted through cabinet memorandum dated 15/12/04 that \$26.8 million was provided for the SCGF, which included \$7.8 million as advance to cane farmers to help cover family needs and \$19 million for crop rehabilitation. \$1.6 million of this amount was prior to year 2000.

<sup>30</sup> Proforma Finance Manual 2011, Section 18.1.3

<sup>31</sup> Cabinet decision dated 13/12/04 – CP(04) 515

A total of \$19.7 million has been paid to the Fiji Development Bank for the loan taken by Government to service the debt relating to Sugar Cane Growers Fund. Refer to table 4.40 for details of payments made over the years:

**Table 4.40: Debt Paid to Fiji Development Bank**

Description	Amount Paid 2006 (\$)	Amount Paid 2007 (\$)	Amount Paid 2008 (\$)	Amount Paid 2009 (\$)	Amount Paid 2010 (\$)	Amount Paid 2011 (\$)
Sugar Cane Growers Fund Loan 1-52301-52999-129902	1,437,030	1,437,030	4,459,455	4,320,226	4,172,805	3,999,240
<b>Accumulative Payment</b>	<b>1,437,030</b>	<b>2,874,060</b>	<b>7,333,515</b>	<b>11,653,741</b>	<b>15,826,546</b>	<b>19,825,786</b>

An agreement to cover the above loan was not produced for audit. The borrowing from the FDB is not recorded as a borrowing for Government. Non-reflection of the borrowing understates the Government borrowing as at 31/12/11.

### **Recommendations**

**The Ministry should review the Cabinet decision and take necessary action to correctly record the borrowing on the financial statement of Government and probe into the treatment and accountability of the financial assistance provided.**

### **Management Comments**

*All the documents associated with SCGF are available and the records of Cabinet decisions and Financial statements are with the Registry Section and FDB.*

### **Further OAG Comments**

The Ministry of Finance is yet to rectify the recording of this loan into their books.

## **4.37 Incorrect Entry for recording Direct Loan Payments**

The Minister may, on behalf of the State, borrow money by raising loans of such amounts as may be necessary for the purpose of funding the budget deficit from time to time and any standing or other appropriations.<sup>32</sup>

The Accounting Head is responsible for maintaining ledgers and reconciling balances in such ledgers to ensure the accuracy of financial information and the timeliness of management reports.<sup>33</sup>

The ledger reconciliation statement shall be forwarded to the *Accounting Head*. The *Accounting Head* must ensure that all balances are accurate and adequately supported, any misallocations or outstanding balances from the previous month have been dealt with.<sup>34</sup>

The audit noted that \$16 million<sup>35</sup> have been allocated in the 2011 budget as direct payments for the Housing Authority Export Import (Exim) Bank of China Loan. Of the allocated sum, a total of \$9.7 million have been paid from the Head 52.

<sup>32</sup> Financial Management Act 2004, Section 59

<sup>33</sup> Proforma Finance Manual 2011, Part 16

<sup>34</sup> Proforma Finance Manual 2011, 16.3.6

<sup>35</sup> 2011 Budget, Housing Authority Export import bank of China direct payments, page 309.

However, the following anomalies were noted:

- the source documents relating to the accounting entries could not be located; and
- the justification of the accounting entries in the FMIS general ledger could not be explained as outlined below:

**Table 4.41: Direct Payment to Housing Authority**

Period	Journal Description	DR (Expenditures)	CR (Revenue)	Amount (\$)
12/2011	Direct Payment Journal	1-50101-50999-100223	1-04104-04402-410315	3,040,058
12/2011	Direct Payment Journal	1-50101-50999-100223	1-04104-04402-410202	5,474,537
12/2011	Direct Payment Journal	1-50101-50999-100223	1-04104-04402-410203	1,144,576
<b>Total</b>				<b>9,659,171</b>

In addition, the following loan payments were also credited as borrowing receipts despite the payment being provided in the budgetary allocations for the respective projects as outlined in table 4.42 below:

**Table 4.42: Direct Payments Recorded as Borrowing Receipts**

Account Detail	Expense Account (DR)	Revenue Receipts CR)	Actual (\$)
ADB Loan 2055	1-41301-85999-100199	1-04104-04402-410310	21,098,810
EXIM Malaysia Roads Rehabilitation Project	1-40605-84999-080434	1-04104-04402-410319	22,365,739
EXIM China Roads Improvement Sigatoka/Serea	1-40605-84999-080435	1-04104-04402-410205	26,018,963
EXIM China Roads Improvement Buca/ Moto	1-40605-84999-080436	1-04104-04402-410206	24,654,993
<b>Total</b>			<b>94,138,505</b>

These are Government's commitments/partnerships to the loan arrangements with the lenders and are payments to the various projects of Government share of the commitment. The contractual arrangement for the financing of the loan in partnership was also not made available to audit.

The Ministry of Finance failed to reconcile the loan proceeds with the source document and the general ledger on a monthly basis. Also, the recording of the above transactions indicate lacked capacity and supervision of the Accounting Heads in understanding the policy stance of Government and recording the transactions in the general ledger accordingly.

As a result, the borrowing revenue totalling \$569 million from loans raised from lenders overseas in the statement of receipts and payments in the financial statement is overstated and cannot be deducted to be fairly stated in the absence of reconciliation.

### **Recommendation**

**The Ministry of Finance should ensure that the monthly reconciliations are carried out for the general ledger balances to determine the loan proceeds of various types – reimbursement, direct payment, in kind and interest capitalized.**

**Also, source documents in relation to these loans types are to be made available to audit with the reconciliations.**

**The Accounting Heads should take an active role in supervising the processing the transactions in the general ledger.**

**Ministry's Comments**

*The comments are noted. It was accounting interpretation anomaly which has been rectified. Direct payments should not be treated as borrowing revenue which was the practice that resulted to the imbalances in the GL. Monthly reconciliation has been ongoing and this should rectify some of the issues mentioned above.*

**4.38 Management of Road Works Undertaken**

Each agency must have in place a cost effective system of internal controls which safeguards money and property against loss, avoids or detects accounting errors; and avoids unfavorable audit report.<sup>36</sup>

Cabinet memorandum dated August 2009 tasked the Central Coordination Agency (CCA) to oversee the implementation and quality control of the projects farmed out to the private sector rehabilitation and maintenance of municipal roads.

The audit noted that a total of \$7 million has been spent on the roads works for the year 2010 and 2011. Tabulated below are the number of road works undertaken and the costs to each of these roads.

**Table 4.43: Road Works Undertaken for the Period 2010 - 2011**

Contract Number	Location of Road	Amount (\$)
10/2	Nausori/Kuku	504,582
10/3	Dayals Quarries Ltd	642,644
10/4	Sigatoka, Lautoka and Nadi	1,216,138
10/5	Labasa, Savusavu & Levuka	1,141,149
11/1	Ba & Tavua	1,051,651
11/2	Labasa, Savusavu & Levuka	603,146
11/3	Lami, Nasinu, & Nausori	296,608
11/4	Sigatoka, Nadi & Lautoka	1,116,251
11/5	Rakiraki	490,699
<b>Total</b>		<b>7,062,868</b>

The following anomalies were noted in the management of the road works undertaken by the CCAR:

- The CCAR road register of the road works undertaken was not made available. Though it was affirmed that a spreadsheet is done on one of the officers computers. However, the document has not been placed officially for future references, should there is loss of data;
- The roads register should have the following minimum information:
  - The name of the road and brief description of road work undertaken (such as kilometers developed etc);
  - Tender board approval, date and amount of the approval;
  - Actual Expenditure incurred until the completion of the road works;
  - Date of the commencement of the road work to that of the date planned for the road works;
  - Actual completion date of the road work to the expected completion date;
  - The reason for the delay in the completion of the road work;
  - Certificate of completion provided for the roads completed; and
  - The defect period.

<sup>36</sup> Finance Instruction Section 59 Subsection 1  
Ministry of Finance

- The CCAR unit failed to maintain a defect register to record the number of defects reported and the work undertaken.
- There is no regular inspection plan for the roads during the defect period. Random inspections are done and only then are defects identified.
- There is no evidence of road inspections carried out during the road works.
- Audit was not made available for the defect inspection report to evidence that the defect inspection period was carried out.
- There is no file maintained for the correspondence with the project manager MWH; and
- Also, the payments certified by MWH were not on file to verify payments in accordance to the contract deliverables.

This is because there are no registry files maintained for the road works undertaken. Correspondences in relation to the road works are filed loosely and difficult to trace.

In the absence of maintaining registry files in a chronology, the transparency and accountability with which the roads works are undertaken cannot be deduced.

### **Recommendation**

**The CCAR unit should ensure that registry files are created in light with the above anomalies and correspondences and documentations in relation to particular roads works are filed accordingly.**

**An internal audit should be carried out for the road works undertaken.**

### **Ministry's Comments**

*Comments and recommendation noted.*

*It should be noted that defects inspections are made on a monthly basis after the Taking Over Certificate (TOC) is being issued by the Program Manager to the contractor. It should also be noted that majority of the TOC was issued in 2011 and the defects period will end in 2012.*

*All correspondence regarding Short Form Agreements is maintained by CCAR including relevant approvals from the Minister for Finance and signed copy of the agreement.*

*In regards to payments to contractors, all payments are verified by MWH and then submitted to CCAR for payments. Details of actual work done including the cost plus previous payments and the outstanding balance owed to contractors are also highlighted in the claim. These are subsequently electronically and manually filed.*

## **4.39 Defects on Kuku Road**

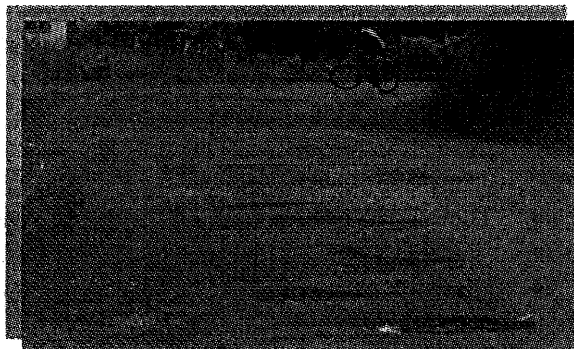
The Government Tender Board (GTB) in its meeting No.11 on 04/11/2010 appointed Prataps Asphalt Quarry (PAQ) Ltd to undertake the Kuku Road rehabilitation and resealing for a sum of \$521,944.<sup>37</sup>

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<sup>37</sup> Government Tender Board Meeting No.11/2010, Tender No. CTN 123/2011, CCAR 10/02  
Ministry of Finance

Audit physical verification of road works carried out on the Kuku Road, Contract No 10/2, noted significant defects for the works carried out by the contractor, Prataps Asphalt Quarry (PAQ) Ltd. Refer to Figure 4.6 to figure 4.8 below that provides for examples of these defects.

**Figure 4.6: Road defects on Kuku road**



**Figure 4.7: Thin Edges of the road**



**Figure 4.8: Filling of water is a Non Compliance**



Scrutiny of CCAR records noted the following defects:

- Large section of the asphalt has cracked and requires repair.
- Asphalt is holding water which does not comply with specification as specified by MWH Company Ltd. Refer to Figure 7.
- Sections along the full length was not sealed – Refer Figure 4.7

The audit also noted that during its engagement, PAQ Ltd failed follow standard specifications outlined by the Project Manager for the usage of adequate compaction to prevent shear failure and the relative compaction between the field dry density and maximum dry density was not followed.

This is because, there is no site engineer or project manager on site to certify the work done is in accordance to the contract specification before payments are released for the work done. All the certification of the payments is done by the project manager from New Zealand at the end of each stage of the work without a physical inspection.

Further verification of the above revealed that PAQ Ltd have been notified on 03/06/2011 to attend to these defects within the 7 day period. However; to date,<sup>38</sup> the defect has not been attended<sup>7</sup> by the contractor.

The CCAR also failed to follow-up with PAQ on the unattended defects. Total payout made to PAQ to date was \$504,582.

<sup>38</sup> 01/05/2012

Failure to retain adequate performance bond until the defect period is over is a contributing factor for the defects not attended by the contractor. Also, it cannot be established if the project managers are responsible for the pursuance of the dishonor of the defect period with the contractor PAQ.

In addition, PAQ has been noted to be engaged with another contract number CCAR 11/4 – Sigatoka, Nadi and Lautoka for the sum \$3.97 million in spite of the poor delivery of services for the Kuku road and the continued dishonor of attending to the defect.

The above shows laxity by the Ministry in appointing contractors and lessons learnt are not being applied for improved delivery of service in the new engagements.

### **Recommendation**

**The CCAR in consultation with the project managers should review the contract agreement and instigate necessary action that can be taken on the contractors – PAQ.**

**The CCAR should engage on-site engineers and project managers for quality road works and physical verifications before certifying of payments.**

**The CCAR and the project managers should be surcharged for poor delivery of road services totaling to \$504,582.**

### **Ministry's Comments**

*Comments and recommendation noted.*

*Contrary to the Audit report, PAQ Ltd provided adequate material testing, and relative compaction between the field dry density and maximum dry density as specified in the contract documents. The Contractor has acknowledged that the material was not consistent and some of the material may have been high in PI which is likely a causal factor in the failures. The Contractor has been waiting until weather is sufficiently suitable to undertake these extensive repairs at their cost. Unfortunately PAQ Ltd plant was severely damaged during the March floods, and has only recently been able to recommence operations.*

*The Performance bond is currently still in place on this Contract and is only released upon issue of the Defects Liability Certificate which will only be issued once all defects have been repaired to the satisfaction of the Engineer.*



## APPENDICES

## Appendix 4.1: Funds Released to Ministry/Department

Ministry/Department	Cheque/JV Number	Reason for the Disbursement	Account Allocation	Amount (\$)
Defence, National Security and Immigration	401372	Cater for the state funeral for the former President Late Ratu Josepha Iloilovatu Uluivuda	1-50101-50999-079916	434, 3
Education	401541	Funding for 2011 World Youth Netball Championship in Singapore for preparation and participation expenses.	1-50101-50999-079916	248, 5
Public Service Commission	401584	Implementation of Service Excellence Awards (SEA) programme for 2011	1-50101-50999-079916	173, 3
Information, Technology and Communication Services	401635	To meet anticipated short fall in the Personal Emolument (PE) vote for 2011.	1-50101-50999-079916	977,190
Office of the Prime Minister	401453	To supplement the Small Grants Scheme allocation in the provision for community projects.	1-50101-50999-079916	608, 6
Fisheries and Forestry	402716	Payment for Vat and services charges for newly fisheries vessel MV Bai ni Takali to FRCA.	1-50101-50999-079916	707, 6
Office of the Prime Minister	PM006/12/11	Prime Minister's official travel to London and Germany	1-50101-50999-079916	60, 2
Office of the Prime Minister	PM006/12/11	Prime Minister's official travel to London and Germany	1-50101-50999-030201	54,268
Fisheries and Forestry	MFF002/12/11	Clearance of equipments donated by Overseas Fisheries Co-operation Foundation of Japan.	1-50101-50999-079916	55, 0
Foreign Affairs and International Cooperation	MFA009/09/11	Release of funds for visit of the Vice Premier of the People's Republic of China.	1-50101-50999-079916	32, 2
Foreign Affairs and International Cooperation	MFA002/08/11	Cost of hosting of the Pacific Meeting scheduled in Nadi on the 1 <sup>st</sup> and 22 <sup>d</sup> September 2011	1-50101-50999-079916	207,275
Defence, National Security and Immigration	MOD002/11/11	Reimbursement of remembrance day funds.	1-50101-50999-079916	60,422
Airports Fiji Limited	48671	To cater for AFL'S share of departure tax for December.	1-50101-50999-079916	239, 9
Rewa Rice Limited	48098	Financial assistance to clean outstanding payments to rice farmers and operational costs.	1-50101-50999-079916	58,314
Police	POL001/06/11	Funds to cater for the Melanesian Spearhead Group Police Commission Conference.	1-50101-50999-079915	78,261
Youth and Sports	MYS003/06/11	Additional funding for the 2011 Pacific Games in Noumea.	1-50101-50999-079916	86, 7
Office of the Prime Minister	PM002/09/11	Prime Ministers official travel to New York, Miami and Brasila from 18/09/11 to 03/10/11.	1-50101-50999-079916	60, 1
Provincial Development	MPD002/09/11	Release of funds to meet Prime Minister's commitment for the eastern Division.	1-50101-50999-079916	211, 1
Foreign Affairs and International Cooperation	MFA010/10/11	Release of additional funds for Minister of Foreign Affairs to cater for his hospitalization.	1-50101-50999-079916	147, 0
Foreign Affairs and	MFA007/09/11	Additional funds request by Foreign Affairs	1-50101-50999-079916	260, 0

Ministry/Department	Cheque/JV Number	Reason for the Disbursement	Account Allocation	Amount (\$)
International Cooperation		and International Cooperation to supplement the establishment of Fiji Embassy Brazil allocation.		
Agricultural Marketing Authority	26952	Release of funds to meet fourth quarter operations and outstanding payments.	1-50101-50999-079916	86,957
Information, Technology and Computing	48301	Final payment for progress claim no. 17 pertaining to the construction of the IT Data centre, Stage 1.	1-50101-50999-079916	230,681
Youth and Sports	MYS001/05/11	To meet funding for the 2011 Rugby World Cup in New Zealand.	1-50101-50999-079916	347,849
Office of the President		Maintenance work for the Government House swimming pool		70,000
Ministry of Health	MOH 010	Release of funds to cater VAT refund payment for Ministry of Health	1-50101-50101-100213	71,233
Ministry of Works	MOW001	Release of funds to cater VAT refund payment from Jan – April 2011	1-50101-50999-10213	1,600,000
Dept of Environment	ENV009	Release of funds for VAT refund payment requests from BW Holdings	1-50101-50999-100213	175,556
Ministry of Health	MOH018	Release of funds for VAT payment for Fiji Health Improvement Programme	1-50101-50999-100213	74,103
Ministry of Agriculture	MOA011	VAT payment for fertilizer donated by Food & Agriculture Organisation (FAO)	1-50101-50999-100213	12,507
Ministry of Health	MOH022	Release of funds from Global Fund	1-50101-50999-100219	1,145,745
Ministry of Works	MOW006	Release of Emergency Flood Rehabilitation funds for the operating cost of the Project Management Unit co-financed by Government for public infrastructure damaged by the flood in 2009	1-50101-50999-100142	500,000
Ministry of Agriculture	MOA004	Release of funds for the dredging works at the Rewa River	1-50101-50999-100224	2,202,000
Ministry of Youth & Sports	MYS001	Release of funds to assist the Fiji Rugby Union in its preparation and participation for the Rugby World Cup held in New Zealand	1-50101-50999-100224	2,233,434
Ministry of Youth & Sports	MYS001	Release of funds for the 2011 Rugby World Cup	1-50101-50999-079916	400,000
Ministry of Foreign Affairs	MFA003	Additional funds to cater for Ministers official trip to Belgrade, Serbia	1-50101-50999-030201	20,091
Ministry of Agriculture	MOA003	Overseas travel costs to Rome, Italy	1-50101-50999-030201	20,359
Prime Ministers Office	PM004	Release of funds to cater for Major AN Rokoura (PSO) airfares and per diem allowances and the 2 security officers per diem allowances	1-50101-50999-079916	28,464
Prime Ministers Office	PM003	Release of funds to cater for Prime Ministers travel expenses to China and Geneva	1-50101-50999-030201	38,389
Prime Ministers Office	PM005	Release of funds to cater for Prime Ministers overseas travel to China and Geneva	1-50101-50999-099916	50,857
Prime Ministers Office	PM006	Release of funds to cater for Prime Ministers official trip to London and Germany	1-50101-50999-030201	124,247
Director of Public Prosecutions (DPP)		Consultancy expenditures for the state vs MPC.	1-50101-50999-050399	300,000

Ministry/Department	Cheque/JV Number	Reason for the Disbursement	Account Allocation	Amount (\$)
Ministry of Foreign Affairs	MFA001	Release of funds to cater for the purchase of vehicle	1-50101-50999-090161	30,073
		<b>Total</b>		<b>14,526, 0</b>

**Appendix 4 2: Mileage of Vehicles Nearing Authorized Limit**

Vehicle No.	Ministry	Current Mileage	Required Current Mileage	Excess of Required Current Mileage	%age of Authorized Mileage	Months in Operation	Months left for Operation
GN 760	AGRICULTURE	130547	112500	18047	87	36	12
GN796	AGRICULTURE	116181	96875	19306	77	31	17
GN795	AGRICULTURE	130528	106250	24278	87	34	14
GN 775	AGRICULTURE	145435	106250	39185	97	34	14
GN 811	AGRICULTURE	132322	93750	38572	88	30	18
GN 857	AGRICULTURE	114835	81250	33585	77	26	22
GN 856	AGRICULTURE	110127	81250	28877	73	26	22
GN 855	AGRICULTURE	122112	81250	40862	81	26	22
GN 854	AGRICULTURE	108236	81250	26986	72	26	22
GN 849	AGRICULTURE	110149	81250	28899	73	26	22
GN 844	AGRICULTURE	100300	84375	15925	67	27	21
GN 835	AGRICULTURE	109076	84375	24701	73	27	21
GN 833	AGRICULTURE	100688	84375	16313	67	27	21
GN 797	HEALTH	141526	96875	44651	94	31	17
GN 804	HEALTH	145882	93750	52132	97	30	18
GN 807	HEALTH	121272	93750	27522	81	30	18
GN 808	HEALTH	116614	93750	22864	78	30	18
GN 823	HEALTH	108145	84375	23770	72	27	21
GN 756	POLICE	139587	115625	23962	93	37	11
GN 754	POLICE	149605	115625	33980	100	37	11
GN 786	POLICE	145780	106250	39530	97	34	14
GN 789	POLICE	130082	106250	23832	87	34	14
GN 873	POLICE	100497	81250	19247	67	26	22
GN 872	POLICE	105102	81250	23852	70	26	22
GN 868	POLICE	135398	81250	54148	90	26	22
GN 867	POLICE	147877	81250	66627	99	26	22
GN 817	POLICE	110578	84375	26203	74	27	21
GN 816	POLICE	146525	84375	62150	98	27	21
GN 815	POLICE	113521	84375	29146	76	27	21
GN 748	PRISONS	143081	115625	27456	95	37	11
GN 819	RFMF	101236	84375	16861	67	27	21

**Appendix 4.3: List of Old & Leased Vehicles**

No.	Registration	Description	Ministry	Delivery Date	Termination	Replaced Vehicles
1	GP 063	Toyota Hilux 4x4 D/Cab	Chief Registrar - Judicial	25/07/2011	25/07/2015	GM 880
2	GP 064	Toyota Hilux 4x4 D/Cab	Fisheries & Forest	25/07/2011	25/07/2015	GK 271
3	GP 072	Toyota Hilux 4x4 D/Cab	Local Government	29/09/2011	29/07/2015	GM 544
4	GP 083	LANDCRUISER 4WD	Health	1/11/2011	1/11/2015	GL 274
5	GP 084	LANDCRUISER 4WD	Lands & Minerals	1/11/2011	1/11/2015	GN 042
6	GP 085	LANDCRUISER 4WD	Judicial - Chief Registrar	1/11/2011	1/11/2015	GN 008
7	GP 088	LANDCRUISER 4WD	Labour	1/11/2011	1/11/2015	GM 520
8	GP 090	LANDCRUISER 4WD	Office of the President	1/11/2011	1/11/2015	DC 531
9	GP 091	LANDCRUISER 4WD	Public Enterprises	1/11/2011	1/11/2015	GN 048
10	GP 093	LANDCRUISER 4WD	Fisheries & Forest	1/11/2011	1/11/2015	GN 783
11	GP 098	LANDCRUISER 4WD	Finance	1/11/2011	1/11/2015	GN 668
12	GP 103	LANDCRUISER 4WD	Health	1/12/2011	1/12/2015	GM 127
13	GP 106	LANDCRUISER 4WD	Health	1/12/2011	1/12/2015	GL 803
14	GP 108	LANDCRUISER 4WD	Health	1/12/2011	1/12/2015	GM 060
15	GP 110	LANDCRUISER 4WD	Information	1/12/2011	1/12/2015	GM 723
16	GP 111	LANDCRUISER 4WD	Information	1/12/2011	1/12/2015	GM 408
17	GP 113	LANDCRUISER 4WD	Solicitor General's Office	1/12/2011	1/12/2015	GM 997
18	GP 116	LANDCRUISER 4WD	Office of the President	1/12/2011	1/12/2015	GM 948
19	GP 118	LANDCRUISER 4WD	Local Government	1/12/2011	1/12/2015	GN 333
20	GP 119	LANDCRUISER 4WD	I Taukei Affairs	1/12/2011	1/12/2015	GM 430
21	GP 120	4X4 TWIN CAB	Director Public Prosecution	1/12/2011	1/12/2015	GM 882
22	GP 121	4X4 TWIN CAB	Police	1/12/2011	1/12/2015	GN 768
23	GP 122	4X4 TWIN CAB	Police	1/12/2011	1/12/2015	GN 100
24	GP 124	4X4 TWIN CAB	Police	21/12/2011	21/12/2015	GN 305
25	GP 125	4X4 TWIN CAB	Police	21/12/2011	21/12/2015	GM 657
26	GP 127	4X4 TWIN CAB	Health	21/12/2011	21/12/2015	GN 173
27	GP 128	4X4 TWIN CAB	Health	21/12/2011	21/12/2015	GM 351
28	GP 130	4X4 TWIN CAB	Youth & Sports	21/12/2011	21/12/2015	GL 915
29	GP 131	4X4 TWIN CAB	Youth & Sports	21/12/2011	21/12/2015	GM 978
30	GP 136	4X4 TWIN CAB	I Taukei Affairs	21/12/2011	21/12/2015	GM 765
31	GP 138	4X4 TWIN CAB	Elections Office	21/12/2011	21/12/2015	GN 490
32	GP 139	4X4 TWIN CAB	Education	21/12/2011	21/12/2015	GM 895
33	GP 142	4X4 TWIN CAB	Co-Operative	21/12/2011	21/12/2015	GM 310
34	GP 143	4X4 TWIN CAB	Meteorology	21/12/2011	21/12/2015	GL 587

## Section 5 Ministry of iTaukei Affairs

### Role and Responsibilities

The Ministry of iTaukei Affairs is responsible for good governance and well being of the iTaukei which includes preservation of the iTaukei culture. It is also responsible for native land administration and education assistance. The legal frameworks that cover the operations of this Ministry are the iTaukei Affairs Act and Regulations, the Native Lands Act, the Native Land Trust Act and the iTaukei Trust Fund Act.

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## PART A: FINANCIAL STATEMENT

### 5.1 Audit Opinion

The audit of the 2011 accounts of the Ministry of iTaukei Affairs resulted in the issue of an unqualified audit report.

### 5.2 Statement of Receipts and Expenditure

The Ministry of iTaukei Affairs collected revenue totalling \$14,061 and incurred a total expenditure of \$17,652,730 in 2011.

**Table 5.1: Statement of Receipts and Expenditure for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
State Revenue	4,162	4,153
Agency Revenue	9,899	11,996
<b>TOTAL REVENUE</b>	<b>14,061</b>	<b>16,149</b>
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established Staff	1,955,268	1,796,822
Government Wage Earners	96,774	78,840
Travel & Communications	49,811	50,933
Maintenance & Operations	189,361	118,328
Purchase of Goods & Services	27,025	32,693
Operating Grants & Transfers	14,612,936	16,448,918
Special Expenditures	412,523	2,239,841
<b>Total Operating Expenditure</b>	<b>17,343,698</b>	<b>20,766,375</b>
<b>Capital Expenditures</b>		

Description	2011 (\$)	2010 (\$)
Capital Construction	0	0
Capital Purchases	0	28,405
Capital Grants & Transfers	231,826	6,363,786
<b>Total Capital Expenditure</b>	<b>231,826</b>	<b>6,392,191</b>
Value Added Tax	77,206	81,609
<b>TOTAL EXPENDITURES</b>	<b>17,652,730</b>	<b>27,240,175</b>

Total expenditure declined by \$9,587,445 or 35% in 2011 compared to 2010 due to no funding provided for the Review of Qoliqoli Compensation Policy as a result of finalization of the project in 2010 and transfer of fund relating to the Committee on Better Utilization of Land to the Ministry of Provincial Development.

In addition, there were also decreases in the Fijian Education Scholarship by \$913,154 and Native Reserve Commission by \$1,774,352 in 2011.

### 5.3 Appropriation Statement

The Ministry of iTaukei Affairs incurred expenditures totalling \$17,652,730 against the budget of \$18,088,954 resulting in a savings of \$436,224 or 2.4%.

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

**Table 5.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,107,903	0	2,107,903	1,955,268	0	152,635
2	Government Wage Earners	97,330	0	97,330	96,774	0	556
3	Travel & Communications	70,542	2,000	72,542	49,811	0	22,731
4	Maintenance & Operations	202,500	(2,000)	200,500	189,361	0	11,139
5	Purchase of Goods & Services	45,587	0	45,587	27,025	0	18,562
6	Operating Grants & Transfers	14,628,892	0	14,628,892	14,612,936	0	15,956
7	Special Expenditure	611,700	(100,000)	511,700	412,523	0	99,177
	<b>Total Operating Costs</b>	<b>17,764,454</b>	<b>(100,000)</b>	<b>17,664,454</b>	<b>17,343,698</b>	<b>0</b>	<b>320,756</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	0	0	0	0	0	0
9	Capital Purchases	0	0	0	0	0	0
10	Capital Grants & Transfers	300,000	0	300,000	231,826	0	68,174
	<b>Total Capital Expenditure</b>	<b>300,000</b>	<b>0</b>	<b>300,000</b>	<b>231,826</b>	<b>0</b>	<b>68,174</b>
13	Value Added Tax	139,500	(15,000)	124,500	77,206	0	47,294
	<b>TOTAL EXPENDITURE</b>	<b>18,203,954</b>	<b>(115,000)</b>	<b>18,088,954</b>	<b>17,652,730</b>	<b>0</b>	<b>436,224</b>

In 2011, Cabinet approved the re-deployment of \$115,000 from Ministry of iTaukei Affairs budget to other Ministries and Departments.

## PART B: AUDIT FINDINGS

### 5.4 Bond Recovery Exercise

A bond is a legal undertaking between the student and the Ministry of iTaukei Affairs specifying the course, time and cost to undertake the programme. It requires the students to sign an undertaking to complete the course within the prescribed period, and to be employed in Fiji at the end of studies. Failure to fulfil the obligations specified in the bond will make the student liable for penalties imposed under the bond.<sup>1</sup>

In 2011, the Ministry commenced with the bond recovery exercise whereby students who absconded their studies or failed to serve their bond terms in Fiji were informed to pay the amount owed to government. This exercise commenced with the overseas sponsored students.

The Ministry as at September 2011 established that the total amount owed by students was \$4,080,538.71. However, this amount is likely to increase if reconciliation/verifications work is fully and accurately completed. From the above amount, the Ministry has been able to recover only a minimal of 3% or \$132,014.63.

Table 5.3 below shows a summary of bond money owed by the students whilst *Appendix 5.1* shows the detail analysis given by the Ministry.

**Table 5.3: Summary of Bonds by Country**

Country	Number of Applicants	Bond Amount (F\$)	Total Recovered (F\$)	Bond Amount Owed (F\$)
Fiji	4	79,936	69,374	10,562
New Zealand	13	2,162,449	20,705	2,141,744
Australia	11	1,675,151	18,936	1,656,215
Great Britain	1	223,003	23,000	200,003
<b>Totals</b>	<b>29</b>	<b>4,140,539</b>	<b>132,015</b>	<b>4,008,524</b>

The recovery process has been hampered by the absence of necessary resources and manpower. Audit established that there is no officer employed by the Ministry specifically and solely responsible for this exercise.

This function is currently performed by the Senior Administration Officer who apart from his normal duties is also tasked with the huge responsibility of trying to recover the amount owed by the scholarship recipients.

The audit is of the view that there is a need to employ 2 officers on a full time basis tasked with the following duties:

- Identify students who absconded their studies and initiate recovery process.
- Monitor students who have completed their studies and ensure that deductions towards their bond commences as soon as they gain meaningful employment.
- Continuously update the data base etc.

Further audit query revealed that Public Service Commission (PSC) have formed a separate unit made up of 6 staffs that are tasked specifically to monitor, follow up and recover amount owed by PSC scholarship recipients.

<sup>1</sup> Policies and Management Guidelines of the Ministry of Fijian Affairs Scholarship Scheme 2006 – Part 6.15.1



The 2010 audited records indicated that PSC collected a total of more than \$3million in 2010 from a total amount receivable of \$15m thus it has a recovery rate of 20%.

The Ministry should take its cue from this and make a submission to PSC for extra manpower to assist in the recovery process.

Without adequate manpower and other resources, the Ministry will face great difficulties in recovery process as new scholarships are awarded every year which will increase the workload and burden, thus government funds may never be recovered leading to losses and write offs.

1.

### **Recommendation**

**The Ministry should set up a unit to specifically look after the bond recovery in order to quicken up the collection of funds owed to government.**

### **Ministry's Comments**

*We are currently working on the above recommendation, as currently there is no officer allocated to perform the said duties on full time basis as the two (2) officers, a Senior Administrative Officer and a Clerical Officer, have to firstly perform the duties of their relevant positions and at the same time are required to perform the added cumbersome, bond recovery responsibilities.*

*There are no current, available positions in this ministry that we may be able to realign to be utilised for officers to be able to specifically carry out the bond recovery responsibilities.*

*We are therefore, organising our request before presenting our submission to the Public Service Commission, to humbly request for the allocation of additional relevant staff together with their positions to take up bond recovery responsibilities in our proposed Scholarship Unit – Recovery Section.*

**APPENDICES****Appendix 5.1 – Bond Recovery Payment Details**

<b>Names</b>	<b>Program</b>	<b>Country</b>	<b>Bond Balance (F\$)</b>
Joeli Bogitini	B Applied Technology (Auto Engineering) - UNITEC	New Zealand	150,560
Wolseley Oliver G Salele	Cert in Aircraft Maintenance Air NZ Training School	New Zealand	60,923
Merleen Thomas	Cert in Aircraft Engineering (Air New Zealand Training)	New Zealand	193,168
Sekove Rokovereni	Bach of Engineering Electrical/ Electronics (Auck UNITEC)	New Zealand	113,640
John Fuata Inia	Bach of Architecture (Auck UNITEC)	New Zealand	142,048
Sereana Tupou Kwong	Bach Special Education, Massey Uni	New Zealand	98,914
Karalaini Turagaiviu	Dip Hospitality/Bach in Hospitality, Auck UNITEC	New Zealand	199,791
Leone Laveanasiga	B Mechanical Engineering, Auck UNITEC	New Zealand	129,377
Noela Dugu	MBBS (Uni of Otago)	New Zealand	278,452
Lusiane Raratabu	MBBS (Uni of Otago)	New Zealand	269,165
Ilaitia T. Delasau	MBBS (Uni of Otago)	New Zealand	242,951
Jokaveti Nakabea	Bachelor of Engineering (Town & Country Planning)	New Zealand	163,113
Peni Diani Seru	BA Special Education	New Zealand	99,643
Esiteri Puamau	MSc in Natural Resource Economic University of Queensland	Australia	113,003
John Paul Ramanu	Bach Architecture/MSc in Architecture University of Canberra	Australia	147,576
Vonivate Driu	Bach of Engineering (Telecom & Network), University Swinburne	Australia	52,820
Loraini Tulele	MSc (HRM) 1 sem ext for Hons	Australia	57,443
Max Masiwini	MSc in Economics (ANU)	Australia	127,594
Waisale Matakibau	Bach in Computer Engineering (TAFE/Uni of Sydney)	Australia	174,200
Joape Kavasi	B Engineering (Civil & Water Eng) University of Australia	Australia	100,098
Peceli Matanitobua	Post Grad, MSc, PhD	Australia	448,687
Kavekini Saukuru	Diploma/Degree in Computer Engineering, University of Sydney	Australia	218,157
Sunia Vudiniabola	MBBS (University of Tasmania, Australia)	Australia	156,028
Alisi Vakalala	Masters in Arts. Hosp / Management, University of Sydney	Australia	60,608
Aceni Tanumi	Bachelor of Engineering (Hons) Agricultural Program	Great Britain	200,003
Bernadette Koto	MBA - USP	Fiji	10,562
<b>Total</b>			<b>4,008,524</b>



## Section 6 Ministry of Defence, National Security & Immigration

### Roles and Responsibilities

The Department of Defence is responsible for formulating and implementing policies in respect of defence, security and intelligence, law and order and immigration and the strategic coordination of Government's response to national crisis and emergency situations.

The Department of Immigration is responsible for the administration of immigration functions throughout the country. This includes the formulation and implementation of policies relating to visitor permits; work permits; investments; passports & citizenship. Maintaining services at the various ports of entry.

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## PART A: FINANCIAL STATEMENTS

### 6.1 Audit Opinion

The audit of the 2011 accounts of Ministry of Defence, National Security & Immigration resulted in the issue of a qualified audit report. The Department of Immigration did not provide a Trust Account Statement of Receipts and Payments for the year ended 31 December 2011 contrary to Section 71 (1) (g) of the Finance Instructions 2010.

### 6.2 Statement of Receipts and Expenditures

The Ministry collected revenue amounting to \$8,812,325 and incurred expenditure totalling \$4,012,417 in 2011. Refer Table 6.1 below for details.

**Table 6.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
State Revenue	8,782,539	8,894,387

Description	2011 (\$)	2010 (\$)
Agency Revenue	29,786	70,218
<b>TOTAL REVENUE</b>	<b>8,812,325</b>	<b>8,964,605</b>
<b>EXPENDITURE</b>		
<b>Operating</b>		
Established Staff	2,365,274	2,047,381
Government Wage Earners	211,591	219,487
Travel and Communications	155,290	220,257
Maintenance and Operations	309,121	187,132
Purchase of Goods and Services	596,825	513,860
Operating Grants and Transfers	19,989	26,852
Special Expenditures	215,973	136,263
<b>Total Operating Expenditure</b>	<b>3,874,063</b>	<b>3,351,232</b>
<b>Capital Expenditure</b>		
Construction	0	121,259
Purchases	0	8,195
Capital Grants & Transfers	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>129,454</b>
Value Added Tax	138,354	131,979
<b>TOTAL EXPENDITURE</b>	<b>4,012,417</b>	<b>3,612,665</b>

Total revenue decreased by \$152,280 or 2% in 2011 compared to 2010. The decrease is attributed to the lesser passports issued due to its shortage in 2011.

Total expenditure increased by \$399,752 or 11% in 2011 compared to 2010. This was mainly due to increases in cost for repair and maintenance, passport, search and rescue, uniforms, books, periodicals and publications, air, sea, land surveillance, and Fiji Day celebrations.

### 6.3 Appropriation Statement

The Ministry incurred expenditures totalling \$4,012,417 against the budget of \$4,332,638 resulting in a savings of \$320,221 or 7%.

Details of expenditures against the budget estimates are provided in Table 6.2.

**Table 6.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,636,675	(145,227)	2,491,448	2,365,274	0	126,174
2	Government Wage Earners	178,964	12,500	191,464	211,591	0	(20,127)
3	Travel & Communications	156,200	7,950	164,150	155,290	0	8,860
4	Maintenance & Operations	265,237	105,585	370,822	309,121	0	61,701
5	Purchase of Goods & Services	582,262	64,222	646,484	596,825	0	49,659
6	Operating Grants & Transfers	29,200	0	29,200	19,989	0	9,211
7	Special Expenditures	290,000	(45,030)	244,970	215,973	0	28,997
	<b>Total Operating Costs</b>	<b>4,138,538</b>	<b>0</b>	<b>4,138,538</b>	<b>3,874,063</b>	<b>0</b>	<b>264,475</b>
	<b>Capital Expenditure</b>						
8	Construction	0	0	0	0	0	0
9	Purchase	0	0	0	0	0	0
10	Capital Grants & Transfers	0	0	0	0	0	0
	<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
13	Value Added Tax	194,100	0	194,100	138,354	0	55,746

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
	TOTAL EXPENDITURE	4,332,638	0	4,332,638	4,012,417	0	320,221

## PART B: AUDIT FINDINGS

### 6.4 Incomplete Financial Statement

Each agency must include a trust account statement of receipts and payments (where applicable) in its annual financial statements.<sup>1</sup>

The Department of Immigration's trust fund account had a balance of \$6,046,512.09 as at 31/12/11.

The Department of Immigration failed to submit the Annual Trust Fund Statement of Receipts and Expenditure in the Agency Financial Statement.

Due to non-compliance with Finance Instructions in the preparation of financial statements, the above issue was qualified in the audit report.

#### Recommendation

**The Ministry should provide all statements as required in the Finance Instructions 2010 in the agency financial statements.**

#### Ministry's Comments

*We had provided all financial statements as requested by Ministry.*

#### Further OAG Comments

During the exit meeting held on 17/08/12, the Department of Immigration agreed on the non-submission of the Annual Trust Fund Statement of Receipts and Expenditure.

## DEPARTMENT OF DEFENCE

### 6.5 Unexplained Account Balance

All Accounting Staffs shall be responsible for the safekeeping and proper maintenance of all accounting records or documents under their area of responsibility. The Accounts officer shall oversee that the above is complied with at all times.<sup>2</sup>

Verification of the Department's FMIS records revealed that account *allocation 1-06101-00000-910000 - Accumulated surplus/deficits* had a credit balance of \$9,090,182.28. The Department was not able to provide any details about this account balance.

As a result audit was unable to substantiate the balance for this allocation.

<sup>1</sup> Finance Instructions 2010 Section 71 (g)

<sup>2</sup> Ministry of Defence Finance Manual 2011 – Section 18.1.3

**Recommendation**

The Department should ensure that transactions posted to the general ledger (FMIS) are supported with documentary evidences and should be produced during audit.

**Department's Comments**

*This issue of unexplained Account Balance was a subject raised in your previous years audit report also. We did mention that this account is not handled or operated by our department or ministry. It is solely handled by FMIS and any queries for this account should not be directed to us but to the Ministry of Finance FMIS Division<sup>3</sup> as we had discussed this with the Director of FMIS.*

*We would like to thank you for your findings during the AFS 2011 Audit and wish to rest assure you that we will ensure that issues raised will be rectified and attended to with utmost care and diligence and in accordance with the Finance Act, Instructions and Agency Finance Manual.*

**DEPARTMENT OF IMMIGRATION****6.6 Over-Expenditure**

Each year, the Appropriation Act and Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorisation of the Ministry of Finance, pending approval by Cabinet.<sup>3</sup>

Our analysis of expenditures in the general ledger (FMIS) for 2011 indicated that the Department of Immigration had incurred over-expenditure for SEG 2 – *Government Wage Earners*. Refer to Table 6.3 below for details of over-expenditure.

**Table 6.3: Over – Expenditures**

Account ID	Description	Budget (\$)	Actual (\$)	Over-expenditure (\$)
1-06201-00000-020000	Government Wage Earners	70,503	92,046	21,543
<b>Total</b>				<b>21,543</b>

Incurring expenditures in excess of the budgetary allocation indicates poor financial management.

In addition, over-expenditure affects the Government's liquidity position and if not controlled, could lead to cash flow problems.

**Recommendations**

- The Department should strictly adhere to Section 7 of the Finance Instructions 2010.
- The Department should ensure that proper planning and monitoring is in place to avoid over-expenditure.
- Expenditures should be reviewed against the budget allocation on a monthly basis to avoid over-expenditures.
- 

<sup>3</sup> Finance Instructions 2010 – Section 7

**Department's Comments**

*We agree to auditors finding. The department provides twenty four (24) hours services at all ports of entry as "Referrals", which means that our staffs need to be driven to the airport before and after normal working hours. It all so necessitate the increase in seg 2 and resulted in over expenditure due to overtime payments made to drivers while taking detainees to and from detention centre and dropping them at required airports.*

**6.7 Revolving Fund Account (RFA)**

A ledger shall be maintained for advances and revolving fund accounts.<sup>4</sup> Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Assistant Account Officers (Payments) shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.<sup>5</sup>

The audit of the Departments Revolving Fund Account (RFA) noted the following anomalies:

- Allocation 1-06201-70999-570101 – Advances had a credit balance of \$6,727.95 as at 31/12/11.
- No reconciliation was provided during the audit for allocation 1-06201-70999-840602 (Withholding tax), which had a credit balance of \$112.50 as at 31/12/11.
- Some long outstanding amounts from previous years (from 2009) remain uncleared as at 31/12/11. Refer to Table 6.4 below for details:

**Table 6.4: Long Outstanding RFA Accounts**

Allocation	Details	Amount (\$)
1-06201-70999-570302	Dishonoured Cheques	8,095
1-06201-70999-570301	Accountable Advance	4,485
1-06201-70999-560203	Accountable Advance	2,679
<b>Total</b>		<b>15,259</b>

The above balances are unnecessarily overstating the RFA balances.

Failure by the Department to prepare reconciliations on a monthly basis has limited the scope of audit to substantiate these balances.

**Recommendations**

- **The Department should ensure that the Revolving Fund Account balances are reconciled with FMIS balances on a monthly basis and any variance noted is adjusted accordingly.**
- **The Department should take immediate actions to clear all long outstanding items reflected under RFA.**

**Department's Comments**

*Allocation 1-06201-70999-570101 – Advances had a credit balance of \$6,727.95 , however we are currently working to clear the balances as this was due to misposting.*

*1-06201-70999-840602 (Withholding tax), which had a credit balance of \$112.50 as at 31/12/11.*

<sup>4</sup> Finance Manual 2011 – Section 16.3.1

<sup>5</sup> Finance Manual 2011 – Section 16.3.3



*The above comment is noted, we are currently making arrangement to pay FRCA the provisional tax which was deducted from vendor.*

*For dishonoured cheques balances these are outstanding payments mainly for companies that have closed.*

## 6.8 Trust Fund Account Reconciliation

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.<sup>6</sup>

A variance of \$80,946.94 was noted in the Operating Trust Fund Account balance between the Departments reconciliation and the general ledger (FMIS) balance. Refer to Table 6.5 below for details.

**Table 6.5: Variance between FMIS and Department Reconciliation**

Allocation	Amount (\$)
Balance as per FMIS	303,323.90
Balance as per Department Reconciliation	222,376.96
Variance	80,946.94

Lack of supervisory checks in the Accounts Section has resulted in the above variance.

### Recommendation

**The Department should ensure that the Trust Fund Account is reconciled with FMIS records on a monthly basis and any variance noted is adjusted accordingly.**

### Department's Comments

*Comment is noted, the amount stated, as FMIS balances is Vat from provision of goods and services, allocation 10320170999863201, which is also a component of Trust Fund, however balance for Trust is \$-6,316,191.75 as at 31/12/2011.*

### Further OAG Comments

**The \$-6,316,191.75 balance stated by the Department relates to the Main Trust Fund Account and not the Operating Trust Fund Account.**

## 6.9 Unclaimed Bond Refunds

Bond is a sum of money paid or guarantee provided by a non-citizen applying for a permit prior to the granting of the permit as a security. In the event where a non citizen breaches any of the conditions of his/her permit or the non-citizen without lawful authority remains in Fiji after the expiration of his/her permit, the bond is forfeited to the State<sup>7</sup>.

<sup>6</sup> Finance Instructions 2010 – Section 58 (3)

<sup>7</sup> Policies & Management guidelines on Processing & Issuance of Non- Citizen permits, visas & exemptions – Part X Section 26 (a)

Unclaimed bonds for more than ten (10) years are to be advertised in the local dailies and if still unclaimed in the specified period then the security is to be forfeited to the State.<sup>8</sup>

The Department's Trust Fund Account balance is made up of Immigration Bonds for non-Fiji citizens who are issued permits. The funds are refunded to applicants when they leave the country on the expiry of their permits or utilized for deportation if permit holders breach the conditions of their permits.

The Department had a balance of \$6,046,512.09 in their Trust Fund Account as security bonds as at 31/12/11.

An amount totalling \$1,260,897.24 has been in the account for more than 10 years for which the Department failed to advertise for the refunds and if not claimed forfeiting it to the State. Refer to Table 6.6 below for details.

**Table 6.6: Unclaimed Bond Refunds**

Year	Outstanding Amount (\$)
1991	8,775.00
1992	7,250.00
1993	60,508.31
1994	49,475.00
1995	81,773.00
1996	73,315.00
1997	170,975.45
1998	124,025.50
1999	88,822.20
2000	187,736.10
2001	408,241.68
<b>Total</b>	<b>1,260,897.24</b>

Failure by the Department to take action and inform the international workers and agents accordingly has resulted in substantial unclaimed refunds. Given the timeframe as tabulated above, it may become difficult to trace the bondholders as some may have already left the country.

### **Recommendations**

- **The Department should consider transferring the bond deposits which are more than 10 years to State revenue.**
- **The Department should make necessary arrangements to inform the public to collect the pending bond refunds before it's over ten years.**

### **Department's Comments**

*The Department is currently reviewing the Immigration Act 2003 and supporting Regulation 2007. This review also addresses changes to the Bond Policy which should eliminate long outstanding unclaimed bonds as highlighted. The Department will initiate discussions with the Ministry of Finance and Solicitor General's Office on the transfer of unclaimed bonds to State revenue.*

<sup>8</sup> Policies & Management guidelines on Processing & Issuance of Non- Citizen permits, visas & exemptions – Part X Section 26.2 (f)

## 6.10 Short Term Work Permits

A short-term work permit is granted to a person whose expertise is urgently needed in the country to work in Fiji for a period totalling (12) months or less.<sup>9</sup> An airline ticket which is valid beyond the validity of the permit may be used in lieu of bond.<sup>10</sup>

The following are the requirements for the grant of a short-term work permit:<sup>11</sup>

- (i) Letter of request from the local employer detailing the need for the position applied for.
- (ii) Certified copies of the applicant's passport (bio-data page).
- (iii) Police reports for the applicant from the country of citizenship and/or residence where he or she lived for twelve (12) months or more in the last ten (10) years. In the absence of a police report non-citizens are to show proof that necessary arrangements have been made with relevant police authorities for the production of a police report.
- (iv) Confirm return air ticket.
- (v) The requisite fee [F\$667]

The audit noted the following anomalies in granting of short-term work permits in 2011:

**Table 6.7: Anomalies in Short-Term Work Permits**

STP #	Name of Applicant	Date of Permit	Position	Remarks
9491/11	Fengjuan Zhang	23/06/11 – 23/12/11	Multi Skilled Machinist at Jam Hang Enterprises	<ul style="list-style-type: none"> <li>applicant's passport bio data page not attached to application.</li> <li>police report not produced.</li> <li>return air ticket not produced.</li> </ul>
9309/11	Huiling Lan	14/04/11	Multi Skilled Machinist for Wonderful Garment Factory Fiji Ltd	<ul style="list-style-type: none"> <li>applicant's passport bio data page not certified.</li> <li>police report ambiguous – no stamp or letter head of the issuing country.</li> <li>return air ticket not produced.</li> </ul>
9310/11	Yingzhen Fan	14/04/11	Multi Skilled Machinist for Wonderful Garment Factory Fiji Ltd	<ul style="list-style-type: none"> <li>applicant's passport bio data page not certified.</li> <li>police report ambiguous – no stamp or letter head of the issuing country.</li> <li>return air ticket not produced.</li> </ul>
9311/11	Xinzhen Fan	14/04/11	Multi Skilled Machinist for Wonderful Garment Factory Fiji Ltd	<ul style="list-style-type: none"> <li>applicant's passport bio data page not certified.</li> <li>police report ambiguous – no stamp or letter head of the issuing country.</li> <li>return air ticket not produced.</li> </ul>
9312/11	Qingqiong Wang	14/04/11-14/07/11	Internet Administrator for giant Whole Entertainment Limited	<ul style="list-style-type: none"> <li>certified copy of passport not produced.</li> <li>arrangement made for police clearance from Fiji however as per application, the applicant has been in Fiji for only 6months.</li> </ul>
9303/11	Ying Cai	22/03/11 – 22/06/11	Captain – FV Xinya 6 for Wistar (Fiji) Ltd	<ul style="list-style-type: none"> <li>passport data not certified.</li> <li>police report – arrangement made in Fiji</li> </ul>

<sup>9</sup> Policies & Management guidelines on Processing and Issuance of Non- Citizen permits, visas & exemptions – Section 3.1

<sup>10</sup> Policies & Management guidelines on Processing and Issuance of Non- Citizen permits, visas & exemptions – Section 3.2 (e)

<sup>11</sup> Policies & Management guidelines on Processing and Issuance of Non- Citizen permits, visas & exemptions – Section 3.3

STP #	Name of Applicant	Date of Permit	Position	Remarks
				however as per requirement, the police report must be from China. ▪ return air ticket not attached.
9233/11	Guiping Huang	29/03/11 – 29/09/11	Fashion Designer and Admin Manager at Bon Jour Fashion Company Limited	▪ passport data not produced. ▪ return air ticket not produced.
9044/11	Paul Thomas E Whitworth	09/01/11 – 09/07/11	Head of Brand and Advertising at Digicel Fiji Ltd	▪ no letter from employer produced. ▪ no certified copies of passport bio-data. ▪ no police report produced. ▪ no return air ticket produced.
9122/11	Ms Linda Marie Rushon	01/02/11 – 01/05/11	Head of English Department at International School Suva	▪ no letter from employer produced. ▪ no certified copies of passport bio-data. ▪ no police report produced. ▪ no return air ticket produced.
9155/11	Hu Biqing	21/02/11 – 21/08/11	Specialist Machinist at Jam Hing Enterprises (Fiji) Ltd	▪ no certified copies of passport bio-data. ▪ no police report produced. ▪ no return air ticket produced.
9208/11	Jaswant Singh	25/02/11 – 25/08/11	Senior Mechanic Dee Cees buses	▪ certified passport bio data page not produced.

The above findings indicate that proper procedures were not followed while issuing work permits. This can result in an increase of illegal immigrants and wastage of public funds in case of removals.

### **Recommendations**

- The Department must ensure that work permits are only granted once all the requirements are met.
- The Department should be vigilant in granting permits and caution its officers accordingly.
- The Department should further investigate this matter and take appropriate action.

### **Department's Comments**

*The recommendations are noted and necessary arrangements have been made to ensure that all requirements are properly filed in the correct file. A checking system has been introduced in the Permit Section to ensure proper recording of permit applications received, confirmation and status of requirements submitted, and proper monitoring of applications processed.*

*Officers have been reminded and cautioned on the proper procedures to be followed when processing Permits.*

*Necessary follow up action will be taken to investigate the issuance of Short Term Permits [STPs] without obtaining all the required documents.*

## 6.11 Lack of Monitoring on Over-Stayers

The Permanent Secretary may make a written order directing a prohibited immigrant to leave Fiji Islands and remain out of the Fiji Islands either indefinitely or for a period specified in the order.<sup>12</sup>

An order made under this section must be carried into effect in such manner as the Permanent Secretary directs in writing, including removal of the person by use of reasonable force if necessary.<sup>13</sup>

The Department uses Oracle system to process the immigration applications and other necessary travel requirements. This system assists in generating relevant reports to facilitate the administration and operation of the Department.

The Department failed to monitor visa and permit holders expiry dates to ensure that they are not over staying in the Country. Upon request of relevant reports for audit purposes, it was revealed that the current system cannot print list of over-stayers that are in the country.

Table 6.8 below shows a sample of immigrants that are overstaying in Fiji.

**Table 6.8: Immigrants Who Are Over Staying In Fiji**

Passport Number	Name	Nationality	Date of Arrival	Type of Visa	Remarks
033190	Nunulrea Michael Trevor	PNG	28/01/1987	Visitor visa	The subject has been staying in the Country since 28/01/1987.
G47349030	Zhang Bao	CHN	13/12/2011	Transit	The subject has been overstaying in the Country since 13/12/11.
G41989912	Junlong Zhang	CHN	12/12/2011	Visitors Visa	The subject has been overstaying in the Country since 26/12/11.
G34697515	Wang Jun	CHN	22/11/2011	Visitors Visa	The subject has been overstaying in the Country since 04/12/2011.
A44803817	Kanggui Lin	CHN	14/11/2011	Visitors Visa	The subject has been overstaying in the Country since 14/12/2011.
MS8690920	Yajima Michie	JPN	14/12/2011	Visitors Visa	The subject has been overstaying in the Country since 28/12/2011.
G43265577	Guiping Ning	CHN	16/12/2011	Visitors Visa	The subject has been overstaying in the Country since 30/12/2011.
T082005	Faatu Faaletaua	WSM	06/02/1999	Visitors Visa	The subject has been overstaying in the Country since 06/06/1999.

<sup>12</sup> Immigration Act 2003, Part 4 – Section 15 (1)

<sup>13</sup> Immigration Act 2003, Part 4 – Section 15 (3)

Passport Number	Name	Nationality	Date of Arrival	Type of Visa	Remarks
P3471487	Wenpan Ye	CHN	20/02/2004	Visitors Visa	The subject has been overstaying in the Country since 25/06/2004.
G05352979	Xuimei Chen	CHN	04/11/2005	Permit	The subject has been overstaying in the Country since 19/12/2005.
S8039672D	Xiao Wei Leong	SGP	14/05/2004	Visitors Visa	The subject has been overstaying in the Country since 14/09/2004.
008309	Maeli Misiaga	TUV	21/11/2004	Visitors Visa	The subject has been staying in the Country since 21/11/2004.
GK1240592	Min Yeong Ahn	KOR	06/09/2006	Visitors Visa	The subject has been overstaying in the Country since 07/12/2011.
TJ0202898	Tae Joon Ha	KOR	18/01/2005	Visitors Visa	The subject has been overstaying in the Country since 20/11/2011.
P5049821	Liang Jun Long	CHN	08/10/2008	Permit	The subject has been overstaying in the Country since 14/04/2011.
G16406853	Xiumei Chai	CHN	18/11/2009	Permit	The subject has been overstaying in the Country since 25/07/2011.

Discussion with Immigration officers revealed that the system is currently not fully serving its purpose as there is still heavy reliance on manual checking and cases reported by the public.

The limitations by the Department in monitoring the visa's and permits can easily exploit the Immigration Laws and Regulations, resulting in increased number of over-stayers in Fiji.

### **Recommendations**

- A thorough review of the current system should be carried out to maximise the capability of the system in generating reports that are useful to the operation of the Department and useful to management for decision-making purposes.
- All immigrants staying in the county must be monitored on a regular basis to avoid illegal immigrants in Fiji and unnecessary cost to the Department in case of removals and deportations.

### **Department's Comments**

*The current Oracle system that the Department has been using for the past ten (10) years does not automatically trigger the names of those foreigners whose permits are about to expire or have already expired. For this reason it is quite difficult to monitor these individuals and the Department relies a lot on members of the public or other law enforcement agencies for information. On receipt of such information the Department ensures that all necessary steps are followed to have the over stayer removed as soon as possible.*

*For some of the cases mentioned in the report the individuals have either become citizens or were issued with permits to allow them to work and reside in Fiji.*

*The implementation of the new Integrated Border Management System [IBMS] will greatly assist the Department in identifying all prohibited immigrants as the system will automatically generate reports on all foreigners whose permits have expired.*

*The cost involved in the removal of these illegal immigrants is mostly catered for by the employer, sponsor, agents/airlines and relatives and it is very seldom that the State is required to fund their removal.*

## Section 7 **Ministry of Labour, Industrial Relations and Employment**

### **Role and Responsibilities**

The Ministry's core responsibility is to pursue the attainment of decent work standards through; fair working conditions; stable and constructive labour relations; and an environment that encourages productivity, human resource development and employment growth. These responsibilities are achieved by focusing on developing an enabling environment supported by sound labour laws, policies and practices. These tasks are undertaken through the following budgeted activities.

**General administration** - Corporate Services

**Labour Services** - Industrial Relations Services, Labour Standards Service, Policy and Legal Services and Labour Administrative Services.

**Occupational Health & Safety Services** – Workman's Compensation Service, OHS and Strengthening OHS Delivery Capacity.

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## **PART A: FINANCIAL STATEMENT**

### **7.1 Audit Opinion**

The audit of the 2011 accounts of the Ministry of Labour, Industrial Relations and Employment resulted in the issue of a qualified audit report. The basis of qualifications is as follows:

- The Ministry failed to include National Employment Centre Trust, Employment Relations Trust and Child Labour Unit Trust Fund Accounts totalling \$260,867.17 into the Trust Account – Statement of Receipts and Payments for the year ended 31/12/11 in accordance with Section 71 (1) of the Finance instructions 2010. As a result, the Trust Fund Account is understated by the same amount.
- A variance of \$324,716 existed in the OHS Trust Fund between the Ministry's records and the general ledger (FMIS) balance. As a result, audit was not able to ascertain that all receipts and payments have been accounted and disclosed in this Main Trust Fund Account.



## 7.2 Statement of Receipts and Expenditure

The Ministry of Labour, Industrial Relations and Employment collected revenue of \$77,143 and incurred a total expenditure of \$8,910,757 in 2011.

**Table 7.1: Statement of Receipts and Expenditure for 2011**

Descriptions	2011 (\$)	2010 (\$)
<b>RECIEPTS</b>		
<b>State Revenue</b>		
Commission	442	207
<b>Total State Revenue</b>	<b>442</b>	<b>207</b>
<b>Agency Revenue</b>		
Miscellaneous	76,701	0
<b>Total Agency Revenue</b>	<b>76,701</b>	<b>0</b>
<b>TOTAL REVENUE</b>	<b>77,143</b>	<b>207</b>
<b>EXPENDITURE</b>		
<b>Operating</b>		
Established Staff	2,532,393	2,398,483
Government Wage Earners	207,582	166,313
Travel & Communications	193,165	167,648
Maintenance & Operations	309,993	185,463
Purchase of Goods & Services	192,174	182,725
Operating Grants & Transfers	34,361	31,916
Special Expenditures	4,580,112	5,498,459
<b>Total Operating Expenditure</b>	<b>8,049,780</b>	<b>8,631,007</b>
Value Added Tax	860,977	691,878
<b>TOTAL EXPENDITURE</b>	<b>8,910,757</b>	<b>9,322,885</b>

The total expenditure declined by \$412,128 or 4% in 2011 compared to 2010 due to the decreases in RFMF Middle East cases and government workers compensation pay out.

## 7.3 Appropriation Statement

The Ministry of Labour, Industrial Relations and Employment incurred expenditure totalling \$8,910,757 in 2011 against the budget of \$9,246,879 resulting in a savings of \$336,122 or 4 %.

Details of expenditures against the budget estimates are provided in Table 7.2.

**Table 7.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,797,174	(264,244)	2,532,930	2,532,393	0	537
2	Government Wage Earners	145,226	62,355	207,581	207,582	0	(1)
3	Travel & Communications	150,000	63,302	213,302	193,165	0	20,137
4	Maintenance & Operations	165,800	188,236	354,036	309,993	0	44,043
5	Purchase of Goods & Services	190,979	(824)	190,155	192,174	0	(2,019)
6	Operating Grants & Transfers	35,000	0	35,000	34,361	0	639
7	Special Expenditures	4,945,000	(48,825)	4,896,175	4,580,112	0	316,063

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
	Total Operating Expenditure	8,429,179	0	8,429,179	8,049,780	0	379,399
13	Value Added Tax	817,700	0	817,700	860,977	0	(43,277)
	TOTAL EXPENDITURE	9,246,879	0	9,246,879	8,910,757	0	336,122

## PART B: AUDIT FINDINGS

### 7.4 Incomplete Financial Statements

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

- A statement of receipts and expenditure;
- A profit and loss statement for each trading and manufacturing activity (where applicable);
- An appropriation statement;
- A statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Notes to the statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- A statement of losses;
- A trust account statement of receipts and payments (where applicable).<sup>1</sup>

The Agency Financial Statement for the year ended 31 December 2011 submitted for audit did not include the following Trust Fund Account balances in the Trust Fund Account Statement of Receipts and Expenditure.

**Table 7.3: Trust Fund Account Balances from FMIS not included in AFS**

Allocation	Description	Balance (\$)
9-07101-07005-895040	National Employment Centre	412.00
9-07101-07009-895040	National Employment Centre	239,663.99
9-07101-07010-895042	Employment Relations Agency Trust Fund	3,610.00
9-07101-07011-895043	Child Labour Unit Trust Fund	17,181.18
<b>Total</b>		<b>260,867.17</b>

Non-compliance with Finance Instructions in the preparation of financial statements has restricted the scope of audit. The Trust Fund Account balance was also understated by \$260,867.17.

As a result, audit was unable to ascertain that all receipts and payments had been accurately recognised in the Main Trust Fund Account.

### Recommendation

**The Ministry should provide complete set of Trust Fund Account Statement of Receipts and Expenditure as required in the Finance Instructions 2010 in the agency financial statements.**

<sup>1</sup> Finance Instructions 2010 – Section 71 (1)

**Ministry's Comments**

*Your recommendation is acknowledged and noted. In future the recommendations to reconcile with FMIS figures would be strictly taken into account.*

**7.5 Operating Trust Fund Account Reconciliation**

7.

Each month, the trust account must be balanced and reconciled with the trust bank account. Names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.<sup>2</sup>

A variance of \$13,891.40 was noted in the Operating Trust Fund Account balance between the Ministry's record and the general ledger (FMIS) balance. Refer Table 7.4 below for details.

**Table 7.4: Variance between FMIS and Ministry's Reconciliation**

Allocation	FMIS (\$)	Ministry Reconciliation (\$)	Variance (\$)
1-07101-07101-861910 - Sundries	203,487.46	189,596.06	13,891.40

The lack of supervisory checks in the Accounts Section has resulted in the above variance.

**Recommendation**

**The Ministry should ensure that the Trust Fund Account is reconciled with FMIS on a monthly basis and any variance noted is adjusted accordingly.**

**Ministry's Comments**

*The reconciliations prepared were based on the reconciliation report generated by the Ministry of Finance and the GL balance at that time. Also the changes occurred after supplementary journals were punched in to the system in 2012 to clear the debit balances in the trust fund account.*

**7.6 OHS Trust Fund Account Reconciliation**

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the responsible officer shall sign the reconciliation. Un-reconciled items must be investigated and resolved promptly.<sup>3</sup>

A variance of \$324,716 was noted in the OHS Trust Fund Account balance between the Ministry's reconciliation and the general ledger (FMIS) balance. Refer Table 7.5 below for details.

**Table 7.5: Variance between FMIS and Ministry's Reconciliation**

OHS Trust Fund - Allocation	Amount (\$)
Closing Balance as per FMIS -audited accounts	3,371,110
Closing Balance as per Ministry's record	3,695,826

<sup>2</sup> Finance Instructions 2010 – Section 58 (3)

<sup>3</sup> Finance Instructions 2010 – Section 58 (3)

OHS Trust Fund - Allocation	Amount (\$)
Variance	324,716

The lack of supervisory checks in the Accounts Section has resulted in the above variance.

### **Recommendation**

**The Ministry should ensure that the Trust Fund Account is reconciled with FMIS records on a monthly basis and any variances noted are adjusted accordingly.**

### **Ministry's Comments**

*Comments acknowledged and recommendations would be taken into account. The revenue update into the system or JV raised was done monthly due to which the system and bank account did not match. Trust Fund Account would be reconciled and cleared as comments.*

## **7.7 Revolving Fund Account**

Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the *Accountant* shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.<sup>4</sup>

Our audit of the Revolving Fund Account records noted that the following balances have been carried forward from previous years.

**Table 7.6: Outstanding Items under RFA**

Allocation	Description	Amount (\$)	Carried Forward From
1-07101-07101-560203	Accounts Receivable	(100)	2008
1-07102-07101-560203	Accounts Receivable	(167.50)	2008
1-07101-07101-560301	Employee Advances	130	2008
1-07101-07101-570101	Prepaid Expense	39,359.22	2010
1-07101-07101-570301	Employee Advance	38,675.05	2010
1-07101-07101-570302	Dishonoured Cheques	5,273.54	2010
<b>Total</b>		<b>83,170.31</b>	

The above balances are unnecessarily overstating the RFA balances.

In addition, variance in the following RFA account balance was noted between the Ministry's records and the general ledger (FMIS) balance.

**Table 7.7: Variance between Ministry's and FMIS records**

Allocations	Account Description	Balance as per FMIS (\$)	Balance as per Reconciliation (\$)	Variance (\$)
1-07101-07101-570101	Prepaid Expense	39,359.22	26,717.32	12,641.90
1-07101-07101-570301	Employee Advance	38,675.05	37,425.55	1,249.50
<b>Total</b>				<b>13,891.40</b>

<sup>4</sup> Ministry's Finance Manual 2011 – Section 14.3.1

The lack of supervisory checks in the Accounts Section has resulted in the above variance.

### **Recommendations**

- **The Ministry must ensure that the Revolving Fund Account is reconciled with FMIS on a monthly basis and any variance noted is adjusted accordingly.**
- **The Ministry should take immediate actions to clear all long outstanding items reflected under RFA.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

### **Ministry's Comments**

*The reconciliations prepared were based on the reconciliation report generated by the Ministry of Finance and the GL balance at that time.*

*The changes occurred after additional accountable advance was punched in the system and cleared in January 2012 for the period 2011.*

*Other balance which are accumulated since 2006 are in process of journalizing since it is not clear that where did those balances appear whilst our manual records show all Advances are cleared off.*

*For Dishonored cheques, the clearance of long over dues are in process and having a close intact with Ministry of Finance to assist us in clearing them.*

## **7.8 Work Attachments for National Employment Centre**

The National Employment Centre shall provide quality advice, media marketing, annual expo shows and awareness programmes and training to employers and the general public on the development role of the National Employment Centre, including the legal requirements and incentives associated with enrolment of unemployed persons at the Centre and workplace attachments with the Employment Creation Services.<sup>5</sup>

An employer providing a workplace attachment under subsection (1) must prepare and deliver quality on-the-job training programme to the attaché as prescribed, which is compatible to the needs of the employment market of the employer.<sup>6</sup>

The relevant Employment Creation Service must provide 50% of the weekly allowance of an unemployed person in accordance with the prescribed quantum of weekly allowance.<sup>7</sup>

Our audit noted that prior to the selection of employers for the purpose of work attachment, the Ministry failed to advertise the work attachment programme. Hence, audit is of the view that all employers did not get an equal opportunity to be a part of this initiative. This has also limited the Ministry in getting the best professional work experience for its clients, which is compatible with the needs of unemployed persons, and recognised under the national qualification framework. **f.**

In addition, the audit noted that the employees of the Ministry hired volunteers to work as house maids at their residence. However, it was noted that the National Employment Centre (NEC) met 50% of the cost (\$30 per week) to the individual house maids employed at their employee residence. Refer Table 7. 8 below for detail of payments made.

<sup>5</sup> National Employment Centre Decree 2009 – Section 54

<sup>6</sup> National Employment Centre Decree 2009 – Section 59 (4)

<sup>7</sup> National Employment Centre Decree 2009 – Section 42 (2)

**Table 7.8: Amount Paid to House Maids Employed By Staffs of the Ministry from NEC Vote**

Name of Volunteers	Name of Employer	Amount (\$)
Laniana Rausuvana	Moana Joseph – Clerical Officer of the Ministry	680
Terenga Turagakula	Sainimilli Turangakula – Clerical Officer of the Ministry	570
Vaciseva Lewenivono	Alanieta Dranivesi – Senior Labour Officer of the Ministry	328
Sera Likuleba	Raijeli Bale – Labour Officer of the Ministry	720
<b>Total</b>		<b>2,298</b>

The above is not compatible to the needs of the employment market and implies unethical practice by the Ministry to use the resources of the Centre for personal benefit.

### **Recommendations**

- The selection of employers for work attachment must be made fairly and every employer must get an equal opportunity to provide the National Employment Centre clients for professional work experience.
- The Ministry should provide work experience which is compatible to the needs of the employment market and not use the resources of the Ministry for personal benefit.
- The Ministry should investigate and take appropriate actions against those employees who hired the volunteers as their house maids. Total sum paid by the Ministry to these maids should be recovered from the responsible officers.

### **Ministry's Comments**

- *The National Employment Centre (NEC) does not select employers for the purpose of work attachment.*
- *Rather, it is stipulated under Part 7 section 44 of the NEC Decree 2009 that all employers that employ more than 50 workers must engage suitably qualified unemployed persons as attachees or volunteers on a ratio of at least 5% of the total number of workers employed by the employer.*
- *In essence, employers are required by law to comply with the mentioned legislation.*
- *Prior to the roll out, awareness programmes, talk back shows on radio stations as well as television were conducted.*
- *Unfortunately, the employers that employ less than 50 workers are coming in to express their interest in engaging clients.*
- *Response from larger organisations is usually that they do not have anything in their budget allocation for work attaches or volunteers.*
- *The suggestion to sign household MOUs was through good intentions by the NEC staff as encouraged by our ICEO, Mr Vilimone Baledrokadroka.*
- *The signing of household MOUs is captured in the Ministry's 2011 Annual Corporate Plan.*
- *Our target was to sign 200 MOUs with households.*
- *It was never intended to defraud the government of the day but based on good-faith.*
- *The NEC staffs were continuously requested by ICEO to take the lead role in engaging our clients for household employment.*

- *According to ICEO, this will give confidence to other households to partner with NEC in providing employment to the most marginalised in the community in their homes.*
- *In doing so, everything was done within the framework of the law i.e. signing of MOU; signing of the contract letter between the client and the employer; filling of the weekly activity and time sheet; and payment of \$60 weekly allowance which was shared between NEC and employers.*
- *The desperation of the clients to earn money so they can afford to put “food on the table” for their families at the end of each day has lead them to engage in household duties.*
- *In addition, the limited budget that we have does not allow us to process more than 2000 clients for Employment Skills Training (EST) within a year.*
- *For unskilled clients, the completion of EST is what will plunge them to finding work attachment or permanent employment.*
- *Please, note that all household MOUs and payment of maids allowance signed by our staff have been ceased forthwith at the beginning of the year after it was brought to the attention of management.*

## 7.9 NEC Training Repayment Program

An unemployed person whose employment status changes must inform the National Employment Centre of that change within seven days of the change.<sup>8</sup>

The NEC shall maintain case files for each NEC trainee including the MOU for repayment, details of the trainees training and updated into the database.

All NEC trainees under the Formal Employment Service, the Self Employment Service and the Foreign Employment Service who are current employees or candidates to whom an offer of permanent employment or employees serving a contract of 1 year or more or employees serving on appointment for more than 6 months with a prospect of conversion to permanent appointments, are required under section 45 of the NEC (Administration) Regulations 2010 to repay all outstanding fees owed to the Centre.

NEC spent \$1,750 on each member whereby a bond agreement is signed by the members agreeing to a 50% repayment. This repayment Programme is applicable to all unemployed persons who have registered under the NEC and have undertaken Professional Counselling, Aptitude Assessment, Life Skills Training, Employment Skills Training and Work Attachment including Business Attachment and have been absorbed into permanent employment.

The Ministry failed to maintain records of the total amount spent on training for which 50% will be refunded. At the date of the audit<sup>9</sup>, 137 clients who were registered under NEC and found permanent employment in 2011, did not make the 50% repayment to the Centre.

The above findings indicate laxity by the Ministry to maintain up to date records to initiate 50% recovery. This can lead to wastage of public funds.

<sup>8</sup> National Employment Centre Decree 2009 – Section 39 (3)

<sup>9</sup> 26 June 2012

### **Recommendations**

- The Ministry should keep proper records of all money owed to them through the NEC Training program.
- Prompt recoveries should be instigated against all clients who have exited the NEC training program and those who have found permanent employment.

### **Ministry's Comments**

- *Your recommendations are noted with much appreciation.*
- *As much as we would want to follow up on repayment and monitoring visit, we are hindered by the limited resources that we have in terms of human resources and transportation.*
- *We're grateful that the Public Service Commission has approved the creation of 16 positions for the NEC this year.*
- *This is a relief for our staff as they will have confidence and authority to carry out their daily activities.*
- *As experienced before, our volunteer staffs, who oversee our district offices, have had unpleasant moments with employers and some clients because of their status.*
- *This is also one of the reasons; employer awareness has been minimal because employers usually chase our NEC staff away when they know they are volunteers.*
- *The 16 position are currently under process.*
- *We have developed our systems & processes and will train and empower our staff once positions have been filled.*
- *In addition, our database will be going through modification to capture repayments and those who have acquired permanent employment.*
- *Currently, all these have been done manually.*
- *As part of our systems improvement, your comments are duly noted and will be incorporated in our systems and processes to ensure that the delivery of services is effective and efficient.*
- *able to carry out inspections as per ACP target.*





## Section 8

# Ministry of Foreign Affairs and International Co-operation

## Role and Responsibilities

### Foreign Affairs and International Cooperation

The role of the Ministry of Foreign Affairs and International Co-operation Trade is to lead the formulation and conduct of Fiji's Foreign Policy, in general, and external trade relations, in particular. Major outputs are still being delivered in the conventional foreign relations activities of global intelligence gathering, especially through Fiji Missions abroad and the conduct of attendant analysis and guidance in such policy options that would maximize Fiji's national gains from strategic future directions.

Emerging dimensions in international relations have resulted in newer outputs through Summit Diplomacy, Group Diplomacy and the Information Technology media. In recent years, there has been an increasing range of outputs, including the communication of government policy choice and rationale to the international and domestic stakeholders for a stronger partnership in policy implementation. These stakeholders include other government departments, international agencies, the business sector, the media, and the academic and civil societies. This output class is expected to increase as greater civic responsibility generates interest and awareness in government's policy processes and implementation.

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## PART A: FINANCIAL STATEMENT

### 8.1 Audit Opinion

The audit of the 2011 accounts of the Ministry of Foreign Affairs and International Cooperation resulted in the issue of an unqualified audit report.

### 8.2 Statement of Receipts and Expenditures

The Ministry collected total revenue amounting to \$55,968 and incurred total expenditure of \$22,533,203 in 2011.

**Table 8.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Operating Revenue	13,420	91,505
<b>Total State Revenue</b>	<b>13,420</b>	<b>91,505</b>
<b>Agency Revenue</b>		
Miscellaneous Revenue	42,548	96,626
<b>Total Agency Revenue</b>	<b>42,548</b>	<b>96,626</b>
<b>TOTAL REVENUE</b>	<b>55,968</b>	<b>188,131</b>
<b>EXPENDITURE</b>		
<b>Operating Expenditure</b>		
Established Staff	6,391,234	6,211,914
Government Wage Earners	2,182,202	2,290,417
Travel & Communications	1,897,752	1,565,573
Maintenance & Operations	5,544,642	5,460,847
Purchase of Goods & Services	522,697	300,691
Operating Grants & Transfers	2,285,413	2,681,793
Special Expenditures	2,260,058	374,139
<b>Total Operating Expenditure</b>	<b>21,083,998</b>	<b>18,885,374</b>
<b>Capital Expenditure</b>		
Construction	59,335	536,731
Purchases	65,205	24,354
Capital Grants & Transfers	0	475,000
<b>Total Capital Expenditure</b>	<b>124,540</b>	<b>1,036,085</b>
Value Added Tax	1,324,665	1,015,556
<b>TOTAL EXPENDITURE</b>	<b>22,533,203</b>	<b>20,937,015</b>

The Ministry's total revenue decreased by \$132,163 or 70% in 2011 compared to 2010. This was mainly due to the transfer of the Department of Civil Aviation's (previously administered under Ministry) revenue to the Ministry of Public Enterprise in 2011.

Total expenditure increased by \$1,596,188 or 8% in 2011 compared to 2010. This was due to the establishment of three new Fiji Missions in Indonesia, Brazil and South Africa in 2011. The Ministry also hosted the Engaging with the Pacific Meeting and the Melanesian Spearhead Group (MSG) meeting in 2011.

### 8.3 Appropriation Statement

The Ministry incurred expenditures totalling \$22,533,203 in 2011 against the revised budget of \$25,153,053 resulting in a savings of \$2,619,850 or 10%. Details of expenditures against the budget estimates are provided in Table 8.2.

**Table 8.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry - Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	7,496,606	(728,660)	6,767,946	6,391,234	0	376,712
2	Government Wage Earners	2,180,098	33,500	2,213,598	2,182,202	0	31,396
3	Travel & Communications	1,548,800	454,295	2,003,095	1,897,752	0	105,343
4	Maintenance & Operations	5,933,151	(834)	5,932,317	5,544,642	0	387,675
5	Purchase of Goods & Services	493,726	254,834	748,560	522,697	0	225,863
6	Operating Grants & Transfers	2,682,153	(170,841)	2,511,312	2,285,413	0	225,899
7	Special Expenditures	2,749,619	119,002	2,868,621	2,260,058	0	608,563
	<b>Total Operating Expenditure</b>	<b>23,084,153</b>	<b>(38,704)</b>	<b>23,045,449</b>	<b>21,083,998</b>	<b>0</b>	<b>1,961,451</b>
	<b>Capital Expenditure</b>						
8	Capital Constructions	400,000	(43,249)	356,751	59,335	0	297,416
9	Capital Purchases	0	81,953	81,953	65,205	0	16,748
	<b>Total Capital Expenditure</b>	<b>400,000</b>	<b>38,704</b>	<b>438,704</b>	<b>124,540</b>	<b>0</b>	<b>314,164</b>
13	Value Added Tax	1,668,900	0	1,668,900	1,324,665	0	344,235
	<b>TOTAL EXPENDITURE</b>	<b>25,153,053</b>	<b>0</b>	<b>25,153,053</b>	<b>22,533,203</b>	<b>0</b>	<b>2,619,850</b>

## PART B: AUDIT FINDINGS

### 8.4 Overdrawn Trust Fund Accounts

Trust Fund Accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, Trust money is to be accounted for separately from public money and other money,<sup>1</sup> and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.<sup>2</sup>

The following operating trust fund accounts were overdrawn as at 31/12/11.

**Table 8.3: Overdrawn Operating Trust Fund Accounts**

Account	Description	Amount As at 31/12/11 (\$)	Amount As at 31/12/10 (\$)
1-08101-08101-861914	389 PD Court Bankruptcy ORD	559	589
1-08101-08101-861915	400 PD Fines & Treasury	15	15
1-08103-08201-861920	501 PD Employees FNPF	204	204
1-08103-08301-861920	501 PD Employees FNPF	197	197
1-08103-08301-861920	501 PD Employees FNPF	90	90
1-08103-81001-861920	501 PD Employees	171	171
1-08201-08201-863201	VAT on Revenue	1,370	1,370
1-08101-08101-890111	Aus Aid Assistance ACAS	462	462

<sup>1</sup> Section 25 (1) of the Financial Management Act 2004

<sup>2</sup> Finance Circular No. 4/98 of 30/03/98

Account	Description	Amount As at 31/12/11 (\$)	Amount As at 31/12/10 (\$)
1-08101-08101-899988	Miscellaneous Fund Open Item	35,046	35,046
1-08103-80701-899988	Miscellaneous Fund Open Item	12,082	12,082
1-08101-08101-861599	PD Others	8,266	26,735
1-08103-80701-863101	Admin Contribution Foreign Missions	8,268	8,260

Most of the overdrawn balances were brought forward from previous years.

The overdrawing of Operating Trust Funds Account may have resulted from incorrect journal entries passed to these accounts or through mis-postings.

The overdrawn Trust funds are tantamount to unauthorised expenditures. It indicated lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

### **Recommendations**

- **The Ministry must ensure that the Trust Funds are not overdrawn at any time.**
- **The Ministry must investigate these overdrawn Trust Funds and take appropriate action.**

### **Ministry's Comments**

*Comments have been noted and Ministry is currently working with the Ministry of Finance to try and clear all these outstanding debit balances that were existed some years back.*

*Transactions pertaining to it were unable to be traced but the Ministry is trying to clear them from some of the long outstanding credits too, within the trust fund allocations. The debits could have been resulted from incorrect journal entries being posted.*

*Correspondence was made to the Ministry of Finance seeking approval to clear long outstanding trust fund accounts.*

## **8.5 Revolving Fund Account**

The Manager Finance is responsible for the safekeeping and proper maintenance of all accounting records or documents.<sup>3</sup>

A variance of \$64,101.66 was noted in the Revolving Fund Account balance between the Ministry's records and the general ledger (FMIS) balance. Refer Table 8.4 below for details

**Table 8.4: Variance in Revolving Fund Account Balances**

Allocation	Description	Ministry's Figure (\$)	FMIS Figure (\$)	Variance (\$)
1-18000-00000-840000	Accounts Payable	0	(64,101.66)	64,101.66

Lack of supervisory checks in the Accounts Section has resulted in the above variance.

<sup>3</sup> Ministry's Finance Manual – Part 18: Miscellaneous – Section 18.1.3

Reconciliation is one of the important internal controls and absence of reconciliation has resulted in the Ministry failing to detect irregularities in the RFA account. The non clearance of balances from RFA account overstated the account balance of the Ministry.

### **Recommendation**

**The Ministry must prepare its RFA reconciliations on a monthly basis and reconcile it with the general ledger FMIS. Any error or discrepancy noted should be adjusted accordingly.**

### **Ministry's Comments**

*The Ministry's Revolving Fund account is always balanced every year and for this year this variances in balances is from the SLG accounts opened by the Ministry of Finance to assist with interdepartmental clearances of charges.*

*The variance of \$64,101.66 is the balance in the Ministry's SLG accounts when year ends 31/12/11. These were made of up of two cheque payments that were paid to our Ministry by the Ministry of Environment and Local Government when a climate Change unit of their Ministry have been tasked to join our Ministry in late November last year as per detail below:*

1. SNC Project Balance \$21,573.38 –
2. Volivoli Project \$42,528.28 –  
\$64,101.66

*The unutilized portion of these projects were then returned to the Ministry of Finance through JV# 56/12/11 but were not processed by the MOF since they were not aware of the source of these funding. Thus has not being cleared by MOF but was left outstanding with our SLG accounts.*

*For this year this balances have been provided to us again by MOF and our climate Change Unit are currently accessing this projects.*

## **MISSIONS**

### **8.6 Fiji Mission – Washington**

#### **8.6.1 Expenditures Incurred by the Mission**

Officers serving in overseas missions are responsible for the payment of all charges for private telephone, cleaning and domestic services and related charges in respect of their accommodation.<sup>4</sup>

Our audit of payment records noted the following anomalies:

- The Mission paid the cleaning cost of the former Second Secretary's residence.
- The Mission terminated the motor vehicle lease earlier than the contract date, resulting in termination fees being charged. Refer Table 8.5 for details:

**Table 8.5: Payment Details**

Cheque Number	Date	Vendor	Amount USD (\$)	Particulars	Remarks
2472	26/10/11	Admiral Leasing Company	3,145.00	Early termination fees paid on vehicle lease	Unnecessary Expenditure

<sup>4</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 63 (3)

Cheque Number	Date	Vendor	Amount USD (\$)	Particulars	Remarks
2492	07/11/11	Admiral Leasing Company	398.70	Damage to windshield of the returned leased vehicle	Unnecessary Expenditure
2591	31/12/11	Spike & Span Cleaning Services	3,000.00	Cleaning service at former 2 <sup>nd</sup> Secretary's (Veretariki Lomalagi) residence	For payment of cleaning services at former second secretary's residence. The house was vacated and left in an unacceptable state.
2591	31/12/11	Ray Baleikasavu (First Secretary)	940.00	Cleaning service at former 2 <sup>nd</sup> Secretary's residence	Cost of rental of equipment and dumpsite fees relating to cleaning expenses of the former second secretary's residence.
2592	31/12/11	Lalthanzuala Phillips	810.00	Cleaning service at former 2 <sup>nd</sup> Secretary's residence	Cost of compound maintenance.

Table 8.6 above indicated that due diligence was not carried out properly before the vehicle lease agreement was terminated, resulting in penalty being charged to the Mission.

Lack of diplomatic responsibilities displayed by the former Second Secretary has resulted in Mission paying for the cleaning cost.

### **Recommendations**

- The Mission should provide explanation for early termination of the vehicle lease agreement.
- The Ministry should recover the cost of cleaning from the former Second Secretary (Veretariki Lomalagi).

### **Ministry's Comments**

*The vehicle was leased for a term of three years and 45,000 miles. After 27 months, the 45,000 miles had been reached so an additional payment of 25 cents per mile was being applied. At this penalty rate and at the vehicle mileage of 2000 miles per month, the additional cost would have been \$4500 (in addition to the \$557 per month lease cost). So the \$3145 agreed was a compromise wrap-up cost and was a saving and enabled a new vehicle with lower maintenance costs to be purchased.*

*The damage was a very small chip on the glass caused by flying stones during highway travel and was certainly not deliberate. I can assure you that our sole vehicle is meticulously maintained by our driver who has an excellent record.*

*The Second Secretary's irresponsible treatment of his accommodation brought the Embassy into disrepute as well as obliged us to restore the premises to habitable state. The officer was recommended for surcharge to recover the costs incurred.*

## **8.7 Fiji Mission – Sydney**

### **8.7.1 Overpayment of the Post Allowance – Counsellor**

The Heads of Missions and officers are entitled to the post allowances set out in the Schedule 2.<sup>5</sup>

<sup>5</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 50 (1)

Location allowance at the rate of married officer shall be reduced by the amount equivalent to the net after tax earnings from paid employment overseas of the officer's spouse in excess of the maximum net after tax salary of a clerical officer in the Fiji Public Service provided that no officer shall receive less than the appropriate location allowance at the single rate on account of his or her spouse's earnings.<sup>6</sup>

The Sydney Mission employed Mr. Karai Vuibau and his spouse Mrs Francis Vuibau as Counsellor and Second Secretary respectively.

However, our audit noted that Mrs Francis Vuibau was receiving post allowance at the single rate whilst Mr. Karai Vuibau was receiving post allowance at the married rate. As such the Counsellor is overpaid the allowances of AUD\$8,680.67. Refer Table 8.6 below for details.

**Table 8.6: Details of Overpayment of Post Allowance for Counsellor**

Rate	Location Allowance AUD\$	Representational Allowance AUD\$	Representation Allowance AUD\$	Total AUD\$
Single	10,286.00	8,890.00	2,238.33	21,414.33
Married	17,143.00	9,775.00	3,177.00	30,095.00
<b>Variance (Overpaid)</b>	<b>6,857.00</b>	<b>885.00</b>	<b>938.67</b>	<b>8,680.67</b>

Non compliance with the provisions of the Public Service (Diplomatic and Consular Services) regulations has resulted in the above overpayment. This indicated lack of supervisory checks and verifications carried out at the headquarters.

### **Recommendations**

- The Ministry should ensure that the records submitted by the Missions are properly scrutinized and the Missions are advised of any anomalies or non-compliance with any provisions of the Public Service Diplomatic and Consular Services regulation.
- The overpaid allowance should be recovered from the concerned Officer.

### **Ministry's Comments**

*Mr. Om P. Gounder of Headquarters communicated with Mr. Vuibau on 7th May 2009 that while "....Adi Frances is entitled to Post Allowance [location, representation and representational supplement allowances] at Single rate which equates to Aus\$17,515 per annum.....no deductions for utilities or quarters rental deduction from salary". He goes on to say, that "....with this arrangement, it will not affect your married rate allowances – meaning you shall receive your full allowances as stipulated in your appointment letter as Consul General" [underline is Mr. Om P. Gounder's]*

#### **Action to be taken:**

*Since Mr. Vuibau did not have a copy of the Public Service (Diplomatic & Consular Services) Regulations 2005, he had sought clarification from Headquarters and Mr. Om P. Gounder had responded to his queries. Mr. Gounder advised that Mrs. Vuibau should receive a "single rate" while Mr. Vuibau continues to receive his "married rate". Based on this official advice, the Vuibau's were paid accordingly.*

<sup>6</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 52 (1)



## 8.8 Fiji Mission – Tokyo

### 8.8.1 Overpayment of Domestic Help Allowance

Domestic help allowance (FJD\$8,000) is payable only to Heads of Missions to assist Heads of Missions employ a domestic help or maid to assist his or her spouse in carrying out daily chores.<sup>7</sup>

Our audit of domestic allowance records noted that the Mission has overpaid the domestic help allowance to the Ambassador totalling \$3,621.42. Refer Table 8.7 below for details.

**Table 8.7: Payment Details of Domestic Help Allowance To Ambassador**

Fortnight Domestic Allowance (FJD)	Exchange Rate for Month	Domestic Allowance (YEN)	Domestic Allowance Actually Paid (YEN)	Overpayment (YEN)	Overpayment (FJD)
307.69	44.8024	13,785	19,889	6,104	136.22
307.69	44.9467	13,830	19,889	6,059	134.80
307.69	44.9467	13,830	19,889	6,059	134.80
307.69	44.8610	13,803	19,889	6,086	135.65
307.69	44.8610	13,803	19,889	6,086	135.65
307.69	45.0384	13,858	19,889	6,031	133.90
307.69	45.0384	13,858	19,889	6,031	133.90
307.69	44.4183	13,667	19,889	6,222	140.07
307.69	44.4183	13,667	19,889	6,222	140.07
307.69	46.7637	14,389	19,889	5,500	117.61
307.69	46.7637	14,389	19,889	5,500	117.61
307.69	45.8364	14,104	19,889	5,786	126.21
307.69	45.8364	14,104	19,889	5,786	126.21
307.69	45.6429	14,044	19,889	5,845	128.05
307.69	45.6429	14,044	19,889	5,845	128.05
307.69	45.6410	14,043	19,889	5,846	128.07
307.69	45.6410	14,043	19,889	5,846	128.07
307.69	43.9361	13,519	19,889	6,370	144.98
307.69	43.9361	13,519	19,889	6,370	144.98
307.69	42.9918	13,228	19,889	6,661	154.92
307.69	42.9918	13,228	19,889	6,661	154.92
307.69	42.9918	13,228	19,889	6,661	154.92
307.69	42.3605	13,034	19,889	6,855	161.82
307.69	42.3605	13,034	19,889	6,855	161.82
307.69	42.6105	13,111	19,889	6,778	159.06
307.69	42.6105	13,111	19,889	6,778	159.06
8,000.00		356,271	517,114	160,834	3,621.42

Lack of supervisory checks resulted in the above overpayment.

### Recommendations

- The Ministry must ensure that correct rates for domestic help allowance are paid to Heads of Missions.
- The overpaid sum should be recovered from the concerned Officer.

<sup>7</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 – Part 8 Section 55 (2)

- **The Ministry should ensure that the records submitted by the Missions are properly scrutinized and the Missions are advised of any anomalies or non-compliance with any provisions of the Public Service Diplomatic and Consular Services regulation.**

### **Ministry's Comments**

*This is an administrative blunder committed by both the Ministry and FET since there was no clear directive over the years on how the payment of Domestic Help Allowance, which is denominated in Fijian dollars, is to be effected. Previous administrations had affixed the exchange rate for remittance of DA and it has been in place since. However, this has been rectified by the current administration as of 1st July, 2012 by using the corresponding official monthly exchange rates.*

*With the current payment method of DA it is noted that monthly amounts varies as a result of varying exchange rates of remittance. To resolve disparity in amounts paid for DA and to avoid further audit queries it is strongly recommended that DA be paid in the respective denomination of receiving countries and this is to be clearly stated in the PSC[DC]R and considered as an amendment proposition to the Regulations.*

*In which case, the system is viewed to have caused the misunderstanding in the processing of DA over the years by HQ and the previous administration including the current, which has now been rectified by the current administration per se. It should, thus, be considered as a blunder of the system and its interpretation.*

*In both the cases, FET strongly believes that the Ministry should seriously look at harmonising regulations and procedures that governs the operational aspects of Overseas Missions and their correct and effective implementation.*

## **8.9 Fiji Mission – Papua New Guinea**

### **8.9.1 Anomalies in Payment of Allowances**

The cost of gas, electricity, water and heating charges in respect of accommodation provided under sub-regulation 63(1) shall be borne by Government subject to a contribution of F\$30 per fortnight by each single officer and F\$50 per fortnight by each married officer deducted from post allowance.<sup>8</sup>

Representation allowance - the costs to cover direct and necessary expenditures on official entertainment. Officers other than the Head of Mission must account for two third of their representative allowance.<sup>9</sup>

- The High Commissioner was paid post allowance (location allowance –K13,366; representation allowance – K6,327 and representational supplement– K8,316) at the single rate. However, there was no provision for the representation and representational allowance at the single rate in the Public Service (Diplomatic and Consular Services) Regulations 2005 schedule 2 for the PNG Mission.
- no documentation or Public Service Commission approval was provided to substantiate the above rate of payment.
- The High Commissioner continued to pay the utility charges at married rate (FJ\$50) from pay 17/26 onwards instead of single rate (FJ\$30). Resulting in overpayment of \$180 (9 pays). Whilst the second secretary and third secretary were paying their utility charges at a single rate instead of married rate. Thus, resulting in a short payment of \$460 and \$520 respectively.

<sup>8</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 -- Section 63 (2)

<sup>9</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 -- Section 49

- Second secretary and third secretary were paid full representation allowance instead of one third. The extra two third allowances were not retired. Refer Table 8.8 below for details.

**Table 8.8: Details of Irregularities noted In the Payment of Representation Allowance**

Name	Position	Representation Allowance Paid (Kina)	Representation Allowance Supposed to be Paid (Kina)	Overpaid (Kina)
Vilitati Mataitini	Second Secretary	K7,582T	K2,527.33T	K5,054.67T
Peceli Tulele	Third Secretary	K2,311T	K770.33T	K1,540.67T

- The second secretary was provided FJ\$796.69 accountable advance as contingency for purchase of dry rations for the MV Rogovoka crew berthing at Lae Port. However, no acquittal report was provided to substantiate how the funds were utilized.

The above practice indicated a lack of monitoring controls by the Accounts Section. In the absence of strict monitoring process in place, unwarranted and extravagant expenditure may be incurred by Fiji Missions' overseas.

### **Recommendations**

- The Ministry should ensure that the records submitted by the Missions are properly scrutinized and the Missions are advised of any anomalies or non-compliance with any provisions of the Public Service Diplomatic and Consular Services regulation.
- The overpaid allowance should be recovered from the concerned officer(s).

### **Ministry's Comments**

- For the cost of Gas, Electricity & Water we will deduct the appropriate amount to the officers if he is married or single, and will see that the appropriate short falls will be recovered.*
- The PNG Mission made a submission on this issue in 2011 that due to exceedingly high costs of basic food items and services in Port Moresby, Second and Third Secretary incumbents Vilitati Mataitini and Peceli Tulele were living on post with some difficulties. The UN recognised the high cost of living in Port Moresby hence the Per Diem rate for this city is currently the highest in the world or one of the highest. Further a submission this year by Ms Sheryl Brown FS Canberra on review of post allowances, classed the PNG Mission as one of the disadvantaged Missions. The PNG Mission has however started deducting our two thirds (2/3) for the "Representation Allowance" as from June 2012 as we eagerly await the review exercise of the Post Allowance.*
- Acquittals for accountable advance given to SS V.Mataitini for purchase of dry rations of crew for MV Rogovoka in 2011, were provided.*

### **8.9.2 Hardship Allowance**

The Public Service Commission may on the recommendation of the Chief Executive Officer, declare an overseas country to be at risk and as such its head of Mission and officers, are entitled for hardship allowance, and such hardship condition must be reviewed annually so as to determine the need for continued payment of hardship allowance, subject to regulation 81.<sup>10</sup>

A declaration under sub-regulation (1) is to be published in the Gazette and must specify the following:

<sup>10</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 61 (1)

- (a) the name of the overseas mission upon which the hardship allowance is to be applied;
- (b) the reason or reasons for the institution of such an allowance;
- (c) period upon which such allowance is to be instituted; and
- (d) the rate of allowance payable.<sup>11</sup>

Our audit noted the following officers serving at the PNG Mission were paid hardship allowances. However, the Ministry was unable to provide the gazetted notification and the evidence of the annual review in respect to the payment of hardship allowance. Refer Table 8.9 below for details.

**Table 8.9: Payment Details of Hardship Allowance**

Date	Cheque No.	Name	Amount FJD
05/05/11	4010	Vilitati Mataitini	1,929.39
16/06/11	4042	Peceli Tuilele	811.72
12/12/11	4195	Peceli Tuilele	811.73
<b>Total</b>			<b>3,552.84</b>

In absence of proper documentation, the rate and justification for the payment of the hardship allowance could not be substantiated. This could result in unauthorised payment or overpayment of allowance.

#### **Recommendations**

- **The Ministry should ensure that the hardship allowance payments are justified, rates are gazetted and annual reviews are carried out.**
- **In the absence of proper justification, necessary recovery measures should be instigated against the concerned officers.**

#### **Ministry's Comments**

*The PNG Mission is of the opinion that the annual determination and gazetting of a "Hardship Station" is a responsibility of HQ. If we are however required to make the necessary justification, the Mission will gladly provide these justifications.*

### **8.10 Fiji Mission – Beijing**

#### **8.10.1 Anomalies in Post Allowance Rate – First and Third Secretary**

The Commission may, on the recommendation of the Chief Executive Officer, established, abolish or amalgamate one of or more positions in overseas missions. In exercise of the authority under sub regulation 4 (2), the Commission must take into account the financial implications and current human resources needs of the overseas mission concerned.<sup>12</sup>

Herewith is the Variation Notice 4/2011. You are required to amend your staff Establishment Register accordingly.<sup>13</sup>

<sup>11</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 61 (2)

<sup>12</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 Section 4 (2)

<sup>13</sup> Public Service Commission Variation Notice NO 4/2011 – 30/11/11

**First Secretary**

The post of First Secretary, which Mr. Joseva Temo Tuima was holding, did not exist in the current regulation which came into effect on 01/01/06. The audit was provided a copy of approved variation notice dated 30/11/11, which stated the following approved post for the Beijing Mission:

- Ambassador
- Counsellor
- First Secretary
- Second Secretary

The Ministry did not have any documents on the approved post allowances remuneration for the post of First Secretary. In absence of any such documentation, the Ministry had and continued to remunerate Mr. Tuima at the rate of the Counsellor (USO4).

As such, both the Counsellor (Filipe Petero Alifereti) and First Secretary (Joseva Tuima) were paid post allowances at the rate of USO4 (Counsellor). Refer Table 8.10 below for details.

**Table 8.10: Details of Annual Post Allowance Payment to First Secretary And Counsellor**

Name	Substantive Post	Location Allowance FJ\$	Representational Allowance FJ\$	Representation Allowance FJ\$	Total FJ\$
Filipe Petero Alifereti	Counsellor	48,858	20,338	16,101	85,297
Jovesa Temo Tuima	First Secretary	48,858	20,338	16,101	85,297

**Third Secretary**

In accordance with the variation notice 4/2011 the post of the third secretary was abolished. However as at the date of audit (09/08/12) the Ministry continued to employ third secretary (Samuela Kanakatakata) without obtaining any approval from the Public Service Commission. Refer Table 8.11 below for details:

**Table 8.11: Details of Annual Post Allowance Payment to Third Secretary**

Name	Substantive Post	Location Allowance FJ\$	Representational Allowance FJ\$	Representation Allowance FJ\$	Child Allowance FJ\$	Total FJ\$
Samuela Kanakatakata	Third Secretary	44,334.00	7,455.00	1,792.67	13,648.00	67,229.67

In absence of proper documentation for the creation of the post of First Secretary and the Third Secretary, the remuneration and allowances paid is a breach of the Public Service Regulation.

**Recommendation**

**The Ministry should rectify the above anomaly and take necessary actions to recover any overpaid allowances and salaries.**

**Ministry's Comments**

*Given that all diplomatic appointments are done in Fiji prior to departure of any diplomat, the Mission is of the view that this issue should be addressed and responded to by Head Quarters (HQ).*

*In addition, may I kindly inform that the Mission in identifying the anomalies in post allowance had informed through its letter, reference FEB-F/5), dated 01 December 2011, of the need to relook at the Mission's staff establishment/structure and the corresponding post allowance.*

### **8.10.2 Anomalies Noted In Payment of Representation Allowance**

Representation allowance – the costs to cover direct and necessary expenditures on official entertainment. Officers other than the Head of Mission must account for two third of their representative allowance.

Our audit noted that on a number of occasions the Counsellor and the Third Secretary claimed two third representation allowances without adequately disclosing the details of the person and the purpose of the entertainment. Refer Table 8.12 below for details.

**Table 8.12: Payment Details of Two Third Representation Allowance Reimbursement**

<b>Names</b>	<b>Date</b>	<b>Amount \$</b>
Counsellor - Filipe Petero Alifereti	11/02/11	66.63
	31/03/11	56.31
	01/04/11	53.61
	06/05/11	54.20
	02/06/10	78.69
	19/07/11	138.03
	15/11/11	227.08
<b>Total</b>		<b>674.55</b>
Third Secretary – Samuela Kanakatakata	30/04/11	81.15
	31/05/11	84.31
	26/06/11	121.65
	09/09/11	145.33
	28/10/11	68.00
<b>Total</b>		<b>500.44</b>

In absence of the adequate supporting documents the reimbursement claims made by above officers could not be substantiated. It indicated poor monitoring and checks on the records submitted by the Mission.

### **Recommendation**

**The Ministry should ensure that the records submitted by the Missions are properly scrutinised and the Missions are advised of any anomalies or non-compliance with any provisions of the Public Service Diplomatic and Consular Services regulation.**

### **Ministry's Comments**

*As correctly pointed out, representation allowance refers to the costs to cover direct and necessary expenditures on official entertainment. Diplomats, other than the Head of Mission qualifies for reimbursement of two third of their expenses as representation allowance.*

*Given the increasing number of Government officials visiting China for business and training programmes, the staff at the Mission sees it fit to host them for lunch or dinner when they visited the Mission. While we admit that it is an oversight on the Mission's part to record details of the person hosted and purposes of each entertainmen. It is important to note that such payments (representation allowance) are only made when necessary receipts/documents are provided and verified for its validity.*

*Further to this, may I explicitly highlight that in most occasions, the Diplomats and their families have to dig into their own pocket to be able to host visiting Government Officers at their residence. These costs are not claimable for representation allowance (as per PSC Instructions) and I would like to take my hat off to the Mission's Staff for the sacrifices they made in hosting visitors from home into China.*

## 8.11 Fiji Mission – Brazil

### 8.11.1 Irregularities Noted in the Payment of the Post Allowance

The Heads of Missions and officers are entitled to the post allowances set out in the Schedule 2.<sup>14</sup>

Our audit noted that the First Secretary (Simione Rokolaqa) was paid twice the post allowance for the period of 17/08/11 to 21/10/11, resulting in overpaid allowance of \$4,608. Refer Table 8.13 below for details.

**Table 8.13: Details of Post Allowance Remunerated**

Details	Amount Paid US \$	Amount Paid US \$	Overpayment US \$
Payment Date	19/10/11	26/10/11	
Cheque Number	850029	850041	
Period 17/8 – 26/08/11	696	696	696
Period 27/08 – 09/09/11	978	978	978
Period 10/09 – 23/09/11	978	978	978
Period 24/09 – 07/10/11	978	978	978
Period 08/10 – 21/10/11	978	978	978
<b>Total</b>	<b>4,608</b>	<b>4,608</b>	<b>4,608</b>

This indicated lack of supervisory checks and verifications carried out at the Headquarters.

### Recommendations

- The Ministry should ensure that the records submitted by the Missions are properly scrutinized and the Missions are advised of any anomalies.
- The overpaid allowance should be recovered from the concerned officer.

### Ministry's Comments

*No comments received.*

## 8.12 Fiji Mission – South Africa

### 8.12.1 Anomalies in Payment of the Post Allowance and Procurement

Representation allowance – the costs to cover direct and necessary expenditures on official entertainment. Officers other than the Head of Mission must account for two third of their representative allowance.<sup>15</sup>

<sup>14</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 50 (1)

<sup>15</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 49

A Head of Mission is entitled to accommodation which is completely furnished and equipped at public expense but excludes the cost of consumable and expendable items as paper towels, detergent, floor polish or similar products.<sup>16</sup>

Our audit of payment records noted the following anomalies:

- The First Secretary (Sisalo Otealagi) was paid the full representation allowance of US\$4,438 instead of one third allowance of US\$1,479.33 resulting in overpayment of US\$2,958.67.
- Two third allowance paid to the First Secretary was not retired.
- The following procurement of goods and services were not adequately supported with documentations. Refer Table 8.14 below for details

**Table 8.14: Anomalies Noted In Procurement**

Date	Particulars	Amount FJ \$	Remarks
15/12/11	Purchase of pool chemicals for HC's residence	82.60	Consumable and expendable items are supposed to be bought by the officers themselves
09/11/11	Payment of accommodation for Fiji delegation advance team to COP17 meeting for duration of 22/11/11 – 26/11/11	4,054.51	Pro forma invoice only attached
14/11/11	Payment of accommodation for 1 room x R525 for duration 22/11/11 – 10/12/11	2,269.52	Pro forma invoice only attached
09/11/11	Payment for hire of vehicle for Fiji delegation to COP17 meeting	8,177.17	Quotation only attached
03/11/11	Payment of accommodation for Fiji delegation to COP17 meeting for the duration of 27/11/11 – 10/12/11	13,053.32	Estimate worksheet only attached
04/11/11	Payment of accommodation for Fiji delegation to COP17 meeting for the duration of 30/11/11 – 09/12/11	10,186.30	Pro forma invoice only attached
22/07/11	Payment for pool and fountain maintenance. Supply and install new fountain pump	976.31	Quotation only attached
05/07/11	Purchase of Office furniture	12,375.63	Quotation only attached
07/09/11	Purchase of pool chemicals for HC's residence	42.99	Consumable and expendable items are supposed to be bought by the officers themselves
30/09/11	Hire of sound system for Fiji Day celebrations on Friday 7 <sup>th</sup> October 2011	637.40	Quotation only attached
<b>Total</b>		<b>51,855.75</b>	

Non compliance with the provisions of the Public Service (Diplomatic and Consular Services) regulations has resulted in above overpayment of representation allowance.

In addition, payments made on the strength of the pro forma invoices and without adequate supporting documents (invoice/receipts) increases the risk of double payment.

<sup>16</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 64 (1)



This indicated lack of supervisory checks and verifications carried out at the headquarters.

### **Recommendations**

- The Ministry should ensure that the records submitted by the Missions are properly scrutinized and the Missions are advised of any anomalies or non-compliance with any provisions of the Public Service Diplomatic and Consular Services regulation.
- The overpaid representation allowance should be recovered from the First Secretary.
- The Ministry should ensure that all Missions adhere to the government finance instruction/policies/procedures.

### **Ministry's Comments**

#### **1. Payment of Postal Allowances to First Secretary**

*The First Secretary was not given any training whatsoever on operational matters for accounting matters such as preparation of Payment Vouchers for Postal Allowances prior to his posting despite an orientation programme which included a session with the Accounts Section.*

*The preparation of Payment Vouchers for Postal Allowances by the First Secretary from 2011 was based on a template prepared by the then Director Corporate Services when she prepared the First Secretary's postal allowance in May 2011 whilst in Pretoria for the establishment of the Fiji Mission.*

*Action: As per PSC Circular No. 43/2012 of 09/07/2012, on the revision of payment of Representation Allowances, the Fiji Mission has implemented the instructions wef 19/07/2012 i.e. Pay 15/2012. (Refer Item 1.2.1 of Page 4 on the Mission's Report for July 2012).*

*The 2011 overpayment of US\$2,958.67 is to be recovered from their salary by HQ at a reasonable rate. Recovery from post allowances will create undue hardship at this end as the cost of living is very high. Once full recovery is made; then any other OPR based on the 2012 allowances can proceed. This is rather unfortunate as it has precipitated through no fault on the part of the First Secretary.*

**Remarks:** *The fault in the system makes it very unfair to officers as it unnecessarily questions their integrity and also tarnishes their reputation.*

**Recommendation:** *In view of the obvious fault in the current system there is a need to rectify it through appropriate training of all future officers prior to undertaking their respective posting to Fiji Missions abroad.*

#### **2. Purchase of Office furniture for Chancery**

*All original documentation for this transaction had been submitted to the Ministry in 2011.*

**Remarks:** *Payment was undertaken on 05/07/2011 based on the quotation and delivery of office furniture by Waltons was done in 2 phases; 08/07/2011 and 27/07/2011 – refer copies of delivery notes.*

*Many firms that the Fiji Mission has dealt with provide only quotes or pro-forma invoices, which by far is the norm here in SA when undertaking business transactions. We have to show proof of payment prior to the transaction proceeding. Banks play a critical role in business transactions to avoid fraudulent practices. It is normal then as a matter of security on the part of businesses to raise a preform invoice through which the customer proceeds to effect payment through the banks. Businesses do not deal in cash as a matter of security. This is evident in the other cases highlighted by the OAG's office.*

#### **3. Payment for pool and fountain maintenance and supply and installation of fountain pump**

*The work on the pool and fountain at the Chancery was in preparation for the opening on 29/07/2011. Payment was made via EFT on the quotation emailed to the Fiji Mission. We could not receive our guests in the condition it was in. As explained above, businesses operate on bank transfers and not on cash. This is why payments are*

*effected on the quotation. The work will only be done once payment is effected. This is the way businesses here secure themselves against fraud and misappropriation.*

*The purchase of the fountain pump is recorded in the Mission's Asset Register. As highlighted above, the issue of quotations and/or pro-forma invoices by firms here in SA is a norm in banking transactions.*

4. Hire of sound system for 2011 Fiji Day celebrations

*Payment was made on 01/10/2011 via EFT on the quotation emailed to the Fiji Mission. The original EFT document and Payment Voucher was submitted to the MoFAIC in 2011.*

*As highlighted above, the issue of quotations and/or pro-forma invoices by firms here in SA is a norm in banking transactions.*

5. Payments to various vendors for attendance of Fiji delegation at COP17 meeting in Durban

03/11/11: Payment of accommodation for Fiji delegation to COP17 meeting for the duration of 27/11/11 – 10/12/11

*These payments need to be taken in the context in which they occurred. COP 17 was a world event. Bookings for accommodation and other services were made on a strict deadline as hotels and related services were block booked. Those who missed the deadline found it hard to find accommodation. Those who did had to find accommodation up to 100km from Conference venue. The deadlines expired in September. Our repeated reminders and pleas for quicker action by our team from Fiji to be finalised so that bookings can be made were met with no response. By 01/11/2011 Fiji had not met the deadline in submitting the official number of participants to DIRCO while in the meantime the Fiji Mission was desperately trying to secure hotel accommodation for the delegates. We were directed to find, book and secure accommodation, meaning to pay from our funds. It was messy for us as we had to move fast. We responded to those instructions with great risk to us.*

*Initial bookings were therefore made hence the estimate number given by the Fiji Mission to Assagay Hotel. Payment was made on 03/11/2011 via EFT on the document emailed to the Fiji Mission by the hotel in order to secure the accommodation as there were many other countries & NGO's vying for accommodation as well.*

09/11/11: Payment of accommodation for Fiji delegation advance team to COP17 meeting for duration of 22/11/11 – 26/11/11

*We were instructed to make this second booking at very short notice. We were lucky that Assagay Hotel had room as it was outside the COP 17 dates. This second payment made to Assagay Hotel is a follow on from the first payment after finalisation on travel details was made for the advance party. Note: the pro-forma invoice from Assagay Hotel acknowledges the first payment made on 03/11/2011. Therefore, the pro forma invoice was actually used by the hotel as an invoice.*

04/11/11: Payment of accommodation for Fiji delegation to COP17 meeting for the duration of 30/11/11 – 10/12/11

*Following confirmation of the travel details for the Minister LGUDH&Env, the Fiji Mission was able to secure accommodation for the Minister at the Valley Lodge as the Assagay Hotel had been booked out. Rearrangements in accommodation for the PS LGUDH & Env + DoEnv had to be made as a result of the Minister's accommodation arrangements. Payment was made on 04/11/2011 via EFT on the pro-forma invoice emailed to the Fiji Mission by Valley Lodge.*

*As highlighted above, the issue of quotations and/or pro-forma invoices by firms here in SA is a norm in banking transactions.*

14/11/11: Payment of accommodation for Fiji delegation to COP17 meeting for the duration of 22/11/11 – 10/12/11

*The Fiji Mission had to make another payment for single accommodation at the Assagay Hotel; the result of a last minute inclusion of another participant to the advance party.*

*Again, the use of a pro-forma invoice by Assagay Hotel in dealing with the Fiji Mission indicates a norm in their business practice here. The pro-forma invoice also acknowledges previous payments made by the Fiji Mission in this case.*

#### **6. Purchase of pool chemicals for pool at High Commissioner's residence**

*The cleaning of the pool, the maintenance of the lawns and gardens is a duty to ensure the High Commissioner's residence is always well maintained. Furthermore, it is in accordance with the lease agreement signed by the Fiji Mission for the property that the tenant will ensure that the house, the compound and the pool are maintained at all times. The pool is an item that comes without option and is cleaned just as the lawn is mowed.*

*The reimbursements in this case were based on the fact that expenses were not for personal gain but seen as part of the same responsibilities in keeping the chancery pool clean as well.*

*Recommendations: In view of items such as the pool coming as part of the property there should be allowances for its maintenance. This will ensure that its maintenance and upkeep will be regular and proper. It would fall into the same category as the maintenance of household appliances.*

*Concluding Remarks: In view of the issue of training shortfalls as indicated for the First Secretary, I can only recommend that these items are properly itemised so that they are covered at the time of attachment with HQ. I can recall my own questions to the then PAO about such things as Commitment Ledgers and the usual documents that I have been used to in Government Schools. The response I got was not helpful. Items like these can be compiled to ensure that officers on pre – departure attachments are properly grounded in the rudiments of the responsibilities they will assume. This will avoid negative impressions of officers being created as a result of the shortfall in their preparations.*

*The memo to effect the proper payment was only received this year. The fact that we were not the only ones at fault is testimony to this.*

## **8.13 Fiji Mission – Kuala Lumpur**

### **8.13.1 Other Anomalies Noted in the Mission**

Medical and surgical expenses in the following categories, incurred by an officer or his or her dependants may, with the approval of a Head of Mission, be paid directly by a post, upon presentation of an account.<sup>17</sup>

A Head of Mission is entitled to accommodation which is completely furnished and equipped at public expense but excludes the cost of consumable and expendable items as paper towels, detergent, floor polish or similar products.<sup>18</sup>

Our audit of payment records noted that the Head of Mission (HOM) claimed reimbursement of the following expenses which was perceived as personal in nature:

**Table 8.15: Details of Expenditure claimed by the HOM**

Date	Particulars	Amount FJD \$
14/02/11	Payment for pool maintenance service including supply of necessary chemical at HOM's residence	169.07
15/11/11	Payment for cleaning of carpet at the High Commissioner's residence	195.58

<sup>17</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 76 (1)

<sup>18</sup> Public Service (Diplomatic and Consular Services) Regulations 2005 – Section 64 (1)

Date	Particulars	Amount FJD \$
28/12/11	Payment for ironing of curtains for HC's residence	34.57
<b>Total</b>		<b>399.22</b>

In addition on number of occasions the medical expenses for the locally engaged staffs (LES) and High Commissioner's maid were paid by the Mission. Refer Table 8.16 below for details.

**Table 8.16: Details of Payment of Medical Expenses – LES/HOM's Maid**

Date	Person	Position	Amount FJD \$
11/02/11	Mariana Gasa	High Commissioner's Maid	34.94
12/04/11	Mariana Gasa	High Commissioner's Maid	144.27
12/04/11	Mere Vuase	Office Assistant	115.17
17/05/11	Mariana Gasa	High Commissioner's Maid	111.43
05/04/11	Mere Vuase	Office Assistant	51.92
09/05/11	Mariana Gasa	High Commissioner's Maid	29.16
23/05/11	Mere Vuase	Office Assistant	38.50
23/06/11	Mariana Gasa	High Commissioner's Maid	43.13
05/08/11	Lidia Akata Sakarie Mose	Personal Assistant	43.66
26/08/11	Lidia Akata Sakarie Mose	Personal Assistant	35.47
08/08/11	Mere Vuase	Office Assistant	29.74
21/09/11	Vijayathass Mohamathass	Driver	17.16
15/11/11	Vijayathass Mohamathass	Driver	39.12
12/12/11	Mere Vuase	Office Assistant	61.52
<b>Total</b>			<b>795.19</b>

Non compliance with the provisions of the Public Service (Diplomatic and Consular Services) regulations has resulted in the above irregularities. This indicated lack of supervisory checks and verifications carried out at the Headquarters.

### **Recommendations**

- The Ministry should ensure that the records submitted by the Missions are properly scrutinized and the Missions are advised of any anomalies or non-compliance with any provisions of the Public Service Diplomatic and Consular Services regulation.
- The amount should be recovered from the staffs or the officer responsible.

### **Ministry's Comment**

*No comments received*



## Section 9

## Elections Office

### Roles and Responsibilities

The Supervisor of Elections is responsible for the registration of voters and the conduct and supervision of the election members to the House of Representatives at the Local Government level. The supervisor is also responsible with providing its administrative support for the Constituency Boundaries Commission in the discharge of its duties. Responsibilities or Deliverables undertaken by the office as budgeted for are outlined as follows:

- Publication and the Revision of the National Electoral Rolls
- Conduct Local Government Elections
- Public Awareness and educational programs
- Constituency Boundaries Commission

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## PART A: FINANCIAL STATEMENT

### 9.1 Audit Opinion

The audit of the 2011 accounts of the Office of the Supervisor of Elections resulted in the issue of an unqualified audit report.

### 9.2 Statement of Receipts and Expenditures

The Office collected total revenue amounting to \$21,091 and incurred a total expenditure of \$650,361 in 2011.

**Table 9.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
Agency Revenue	21,091	11,289
<b>TOTAL REVENUE</b>	<b>21,091</b>	<b>11,289</b>
<b>EXPENDITURE</b>		
<b>Operating</b>		
Established Staff	233,619	262,553
Government Wage Earners	57,593	68,120
Travel & Communications	11,202	13,104
Maintenance & Operations	60,659	54,664
Purchase of Goods & Services	1,980	1,929

Description	2011 (\$)	2010 (\$)
Special Expenditures	247,117	469,915
<b>Total Operating Expenditure</b>	<b>612,170</b>	<b>870,285</b>
Value Added Tax	38,191	23,723
<b>TOTAL EXPENDITURE</b>	<b>650,361</b>	<b>894,008</b>

The Office's total revenue increased by \$9,802 or 87 % in 2011 compared to 2010. This was attributed to receipt of the 2006 elections nomination deposits and the refund from Fiji Broadcasting Corporation.

Total expenditure declined by \$243,647 or 27 % in 2011 compared to 2010. This was mainly due to the voter registration exercise put on hold following the delay in tender outcome of the expression of interest for Electronic Voter Registration (EVR).

### 9.3 Appropriation Statement

The Office incurred expenditure totalling \$650,361 in 2011 against a revised budget of \$880,960 resulting in a savings of \$230,599 or 26%.

Details of expenditures against the Budget Estimates are provided in the Appropriation Statement in Table 9.2.

**Table 9.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	338,070	0	338,070	233,619	0	104,451
2	Government Wage Earners	62,600	0	62,600	57,593	0	5,007
3	Travel & Communications	20,000	0	20,000	11,202	0	8,798
4	Maintenance & Operations	81,174	0	81,174	60,659	0	20,515
5	Purchase of Goods & Services	25,282	0	25,282	1,980	0	23,302
6	Special Expenditures	1,000,000	(708,840)	291,160	247,117	0	44,043
	<b>Total Operating Expenditure</b>	<b>1,527,126</b>	<b>(708,840)</b>	<b>818,286</b>	<b>612,170</b>	<b>0</b>	<b>206,116</b>
13	Value Added Tax	169,000	(106,326)	62,674	38,191	0	24,483
	<b>TOTAL EXPENDITURE</b>	<b>1,696,126</b>	<b>(815,166)</b>	<b>880,960</b>	<b>650,361</b>	<b>0</b>	<b>230,599</b>

In 2011, Ministry of Finance redeployed a total of \$815,166 from the Office of the Supervisor of Elections budget to other Ministries and Departments.

## PART B: AUDIT FINDINGS

### 9.4 Overdrawn Operating Trust Fund Account

Trust Fund Accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, Trust money is to be accounted for separately from public money and other money,<sup>1</sup> and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.<sup>2</sup>

<sup>1</sup> Section 25 (1) of the Financial Management Act 2004

<sup>2</sup> Finance Circular No. 4/98 of 30/03/98

Each month, the trust account shall be balanced and reconciled with the trust bank accounts. The names and balances of each account shall be listed and the reconciliation shall be signed by the responsible officer. Unreconciled items should be investigated and resolved promptly.<sup>3</sup>

The Office Operating Trust Fund Accounts had overdrawn balances totalling \$520,617 as at 31/12/2011. The following six trust fund accounts had overdrawn balances.

**Table 9.3: Overdrawn Trust Fund Accounts**

Allocation	Description	Amount (\$)
1-10101-10999-861101	OPR Current Year	10.00
1-10101-10999-861105	Public Rental Board	69.00
1-10101-10999-861204	LICI	165.25
1-10101-10999-861901	Tax Arrears/PAYE	400,484.24
1-10101-10999-861920	Employees FNPF	121,674.46
1-10101-10999-861921	Employers FNPF	5,419.20

Most of the overdrawn balances were brought forward from previous years and may have resulted from incorrect journal entries passed to these accounts or through mispostings.

The overdrawn trust funds more or less are tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

### **Recommendations**

- The Office should ensure that the trust account is not overdrawn at any point in time in accordance with Finance Circular 4/98.
- The Office must investigate these overdrawn (debit) trust fund accounts and take appropriate action.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

### **Office Comments**

*The summary of opening and closing balances for the list of Trust Fund Accounts as at December 2011 is below.*

Trust Fund	Allocation No	Opening Balance from 2006 (\$)	Closing Bal Dec 2011 (\$)	Difference (\$)
Withholding Tax Payable	11010110999840602	(84.00)	( 84.00)	-
202 PD OPR Current year	11010110999861101	10.00	10.00	-
267 Rent Public Rental Board	11010110999861105	69.00	69.00	-
390 PD GOV Water Rates Chrgs	11010110999861106	-	-	-
240 PD Fiji Care Insurance	11010110999861201	(789.83)	(789.83)	-
241 PD CMLA	11010110999861202	(29.56)	(29.56)	-
240 PD LICI	11010110999861204	165.25	165.25	-
PD FPS Credit Union	11010110999861511	-	-	-
Wesram Finance	11010110999861533	-	-	-
341 PD Maint Suva	11010110999861601	(12.50)	(12.50)	-
355 PD Maint-Suva Domestic	11010110999861614	-	-	-
201 PD Tax Arrears/PAYE	11010110999861901	400,484.24	400,484.24	-
204 PD Depst A/C Recoverable	11010110999861902	(6,373.56)	( 6,373.56)	-

<sup>3</sup> Finance Instructions 2010 – Section 58 (3)



Trust Fund	Allocation No	Opening Balance from 2006 (\$)	Closing Bal Dec 2011 (\$)	Difference (\$)
387 PD RFA IDC Salaries	11010110999861913			-
501 PD Employees FNPF	11010110999861920	120,323.42	121,674.46	(1,351.04)
502 PD Employers FNPF	11010110999861921	5,419.20	5,419.20	-
<b>Total</b>		<b>519,181.66</b>	<b>520,532.70</b>	<b>( 1,351.04 )</b>

As shown the total overdrawn balance of \$520,532.70 in 2011 was a result of balance of \$519,181.66 carried forward from 2005 to 2008 and \$1,351.04 in 2011. This comprises of a Difference of \$2,784.48 (December 2008 FNPF) paid in January 2009 and \$1,433.44 (December 2011 FNPF) paid in January 2012.

The overdrawn balances highlighted above were a result of non-reconciliations done from 2006 to 2008.

Various correspondences had been submitted to Ministry of Finance for their Budget department and Treasury department to clear this. This has been declined by Treasury department advising to seek assistance from FMIS department for further clarification on write off.

Currently, the Trust Funds are being reconciled on a monthly basis to ensure that no overdrawn of these Trust Fund accounts in future.

## 9.5 Long Outstanding Revolving Fund Accounts

The Assistant Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.<sup>4</sup>

As at 31 December 2011, Revolving Fund Account of the Office had a balance of \$65,274 of which \$64,815 had been carried forward from previous years. Refer Table 9.4 below for details.

**Table 9.4: Revolving Fund Account**

Account Number	Particulars	Amount (\$)	Remarks
1-10101-10999-560302	GL Employee Advances Open Item	50,753.70	Debit balance of \$50,294.78 carried forward from 2006
1-10101-10999-570101	AP Prepaid Expenses	1,730.00	Debit balance of \$1,730 carried forward from 2006
1-10101-10999-570301	Advances	12,874.50	Debit balance of \$12,874.50 carried forward from 2006
1-10101-10999-840602	Withholding Tax Payable	(84.00)	Carried forward from previous year

These account balances are unnecessarily overstating the RFA balances.

### **Recommendation**

**The Office must investigate these long outstanding RFA balances and take appropriate action.**

### **Office Comments**

*The total balance of \$64,899.28 in 2011 was a result of balances carried forward from 2005 to 2008.*

<sup>4</sup> Office's Finance Manual 2011 – Section 18.1.3

*As mentioned various correspondences had been submitted to Ministry of Finance for their Budget department and Treasury department to clear this. This has been declined by Treasury department advising to seek assistance from FMIS department for further clarification on write off.*

*In addition, balance of \$458.92 has been cleared now since the Elections staff listed below had deductions implemented from salary/wages for retirement of accountable advance.*

- *Adriu Bulisolevu.*
- *Alanieta Dau.*
- *Josaia Nakete.*

*The amounts were deducted through OPR from salary/wages.*

*Currently, the Revolving Funds are being reconciled on a monthly basis to ensure that no overdrawn of these Revolving Fund accounts in future.*

## 9.6 Unutilised Building Space

The proper management of expenditure is fundamental to ensuring value-for-money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.<sup>5</sup>

The Election Office has been occupying the three floor building with their current staff strength of 14 since 2006 General Elections.

Further verification with the Public Service Commission revealed that the tenancy agreement had expired with effect from 31/01/10. However the building is still being rented by the Elections Office. The rental details are as follows:

**Table 9.5: Rental Details**

LD Reference	Monthly Rental (\$)	Annual Rental (\$)
15/4/2604A	7,317.66	87,811.92
15/4/2604B	7,458.04	89,496.48
<b>Total</b>		<b>177,308.40</b>

Substantial amount of public funds are spend to rent out the office space for the Elections Office, when most of the office space are unoccupied/unused and un-necessitated.

### **Recommendation**

**The Elections Office should consult with the Public Service Commission on the viability of continuing to rent the same building.**

### **Office Comments**

*Management would like to acknowledge the discrepancies highlighted in your findings and recommendations above raised by your Draft Audit Memorandum, Year 2011. With Fiji gearing up Elections, it is expected that the relevant building will be put to full use beginning with the training of personnel for EVR which is expected to begin in April. Having said that the Elections office will review the suitability of the premises post EVR.*

<sup>5</sup> Office Finance Manual 2011 Part 2 – Expenditure – Introduction Paragraph



## Section 10 Judiciary

### Role and Responsibilities

The Judiciary Department is responsible for enhancing the quality of justice in the community by ensuring an effective and accessible Court System and as the cornerstone of Justice; the Court System will uphold the principles of equality, fairness and access while protecting the dignity and rights of all members of the community.

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## PART A: FINANCIAL STATEMENT

### 10.1 Audit Opinion

The audit of the 2011 accounts of the Judicial Department resulted in the issue of an unqualified audit report.

### 10.2 Statement of Receipts and Expenditure

The Department collected revenue totalling \$3,629,052 and incurred expenditure totalling \$13,636,521 in 2011.

**Table 10.1: Statement of Receipts and Expenditure for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Court Fines	2,208,743	2,371,203
Court Fees	1,272,820	1,235,709
Others	4,716	117,093
<b>Total State Revenue</b>	<b>3,486,279</b>	<b>3,724,005</b>
<b>Agency Revenue</b>		
Miscellaneous	138,595	159,615
Revenue from Surveys	4,178	28,528
<b>Total State Revenue</b>	<b>142,773</b>	<b>188,143</b>
<b>TOTAL REVENUE</b>	<b>3,629,052</b>	<b>3,912,148</b>

Description	2011 (\$)	2010 (\$)
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	9,605,909	7,525,981
Government Wage Earners	418,043	366,717
Travel & Communications	659,393	494,810
Maintenance & Operations	603,498	549,399
Purchase of Goods & Services	338,920	278,216
Special Expenditures	556,700	608,570
<b>Total Operating Expenditure</b>	<b>12,182,463</b>	<b>9,823,693</b>
<b>Capital Expenditure</b>		
Capital Construction	931,190	307,740
Capital Purchase	105,534	161,786
Capital Grants & Transfers	0	0
<b>Total Capital Expenditure</b>	<b>1,036,724</b>	<b>469,526</b>
Value Added Tax	416,334	243,225
<b>TOTAL EXPENDITURE</b>	<b>13,635,521</b>	<b>10,536,444</b>

The Department's total revenue decreased by \$283,096 or 7% in 2011 compared to 2010. This decrease was mainly due to traffic offenders paying their fines directly at LTA offices whilst those who cannot afford payment spend time in prison.

The total expenditure increased by \$3,099,077 or 29% in 2011 compared to 2010. This was attributed to the increase in engagement of more Judicial Officers and Court Support staffs during the year as full Court of Appeal and Supreme Court sessions were held, increase in travel by judicial officer's to dispose-off cases outside Central Division, renovation of family and magistrate courts and purchases of court furniture and equipment.

### 10.3 Appropriation Statement

The Department incurred expenditure totalling \$13,635,521 in 2011 against the revised budget of \$16,079,265, resulting in a savings of \$2,443,744 or 15%. Details of expenditures against the budget estimates are provided in Table 10.2.

**Table 10.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	11,905,994	(306,401)	11,599,593	9,605,909	0	1,993,684
2	Government Wage Earners	462,285	0	462,285	418,043	0	44,242
3	Travel & Communications	679,601	1,600	681,201	659,393	0	21,808
4	Maintenance & Operations	527,300	85,500	612,800	603,498	0	9,302
5	Purchase of Goods & Services	297,235	51,192	348,427	338,920	0	9,507
6	Operating Grants & Transfers	3,400	0	3,400	0	0	3,400
7	Special Expenditures	1,119,950	(438,179)	681,771	556,700	0	125,071
	<b>Total Operating Expenditure</b>	<b>14,995,765</b>	<b>(606,288)</b>	<b>14,389,477</b>	<b>12,182,463</b>	<b>0</b>	<b>2,207,014</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	600,000	331,192	931,192	931,190	0	2
9	Capital Purchase	0	275,096	275,096	105,534	0	169,562
10	Capital Grants & Transfers	0	0	0	0	0	0
	<b>Total Capital Expenditure</b>	<b>600,000</b>	<b>606,288</b>	<b>1,206,288</b>	<b>1,036,724</b>	<b>0</b>	<b>169,564</b>
13	Value Added Tax	483,500	0	483,500	416,334	0	67,166
	<b>TOTAL EXPENDITURE</b>	<b>16,079,265</b>	<b>0</b>	<b>16,079,265</b>	<b>13,635,521</b>	<b>0</b>	<b>2,443,744</b>

## 10.4 Trust Account Statement of Receipts & Payments

The Department's total receipts declined by \$396,800 or 2.5% in 2011 due to decreases in Judiciary Fund Trust Account and Suitors Receipts. The total payments increased by \$5,701,289 or 49% due to increase in Judiciary Trust Fund Account, suitors and sundry payments.

**Table 10.3: Trust Account Statement of Receipts & Payments for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
Judiciary Fund Trust Account	421,710	1,067,363
Legal Practitioners Unit Fund	117,866	0
Suitors Fund	7,275,732	9,028,178
Maintenance Fund	3,831,699	3,637,000
Sundries Fund	3,725,176	2,036,442
<b>Total Receipts</b>	<b>15,372,183</b>	<b>15,768,983</b>
<b>PAYMENTS</b>		
Judiciary Fund Trust Account	518,214	1,813
Legal Practitioners Unit Fund	15	0
Suitors Fund	10,668,035	6,574,469
Maintenance Fund	3,832,498	3,583,506
Sundries Fund	2,346,780	1,504,465
<b>Total Payments</b>	<b>17,365,542</b>	<b>11,664,253</b>
<b>Net (Deficit)/Surplus</b>	<b>(1,993,359)</b>	<b>4,104,730</b>
Balance as at 1 January	15,221,090	11,116,358
<b>CLOSING BALANCE</b>	<b>13,227,731</b>	<b>15,221,088</b>

## PART B: AUDIT FINDINGS

### 10.5 Arrears of Revenue

The Credit Officer must promptly follow up accounts that fall due. If recovery is not successful after one month, the following action shall be taken:

- A Demand notice for payment shall be sent to the debtor after his/her debt has been overdue for more than one month;
- If the account still remains unpaid after the first demand notice was issued, a final notice shall be issued demanding payment within fourteen days.<sup>1</sup>

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 Small Claims Tribunal, after considering the cost implications and the probability of recovery.<sup>2</sup>

The Department as at 31/12/11 had substantial arrears of revenue of \$11,397,061, an increase of \$426,884 or 4% compared to 2010. Refer Table 10.4 below for the balances of arrears of revenue for the past five years.

<sup>1</sup> Department's Finance Manual 2011 – Section 9.2.1

<sup>2</sup> Department's Finance Manual 2011 – Section 9.2.5

**Table 10.4: Arrears of Revenue for Last Five Years**

Year	Amount (\$)
2007	9,487,238
2008	10,574,640
2009	10,828,342
2010	10,970,177
2011	11,397,061

The arrears of revenue consisting of court fees, fines and cost to state continued to increase. The Department established a Fine Enforcement Unit to manage arrears of revenue however, no improvement was noted.

Delay in collecting the outstanding revenue increases the risk of revenue not likely to be collected which may require writing off.

### **Recommendations**

- **A thorough review of the arrears should be undertaken and irrecoverable arrears should be considered for write off.**
- **The Department should take appropriate action to collect all arrears of revenue.**

### **Department's Comments**

*The Arrears of Revenue for the department arises due to the non-payment of fines and court costs. Fines are imposed by the court are generally to be paid within fourteen (14) to twenty one (21) days. Warrants are issued if these fines are not paid within the specified time frame. The execution of warrants is undertaken by the Fiji Police Force. It is pertinent to note that Judicial Department has neither authority nor any control over the execution process; this is mainly vested with the Police Department. If only Police is able to execute the warrant, then Arrears of Revenue will decrease. Otherwise it will keep increasing.*

*The debtors of Judicial Department are the accused who appear in court. They are fined. If a fine is not paid a committal warrant is issued and handed over to Police. There is no procedure to issue demand Notice or take them to Solicitor General or SCT as they have already been convicted by court. Police officers execute committal warrants and if they are apprehended only, they either pay the fine or are sent to prison.*

*The Department had to hire Rental Cars since Ministry of Finance did not allocate vehicles for us to assist Police to go and execute warrants. Some arrears have been cleared but when current ones are added, the figures comes to square one. We are in the process of setting up a Database where all arrears will be entered as well as entered in a Manual Register. A thorough reconciliation will be carried out. Once this is complete then recommendation will be made to Ministry of Finance to write off of irrecoverable Arrears.*

*This exercise will be a very massive one and very time consuming but the department wants everything to be done thoroughly before request for write off is made. A committee has been set up for this task and once the exercise begins then staff will be required to work overtime so that the work is completed faster.*

## **10.6 Overpayment of Salary**

Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personnel emoluments or deductions such as appointments, promotions, transfers, acting allowances,

dismissals and resignations, income tax allowances, housing deductions, or other authorized charges or deductions.<sup>3</sup>

Our audit noted that the Assistant Court Officer, Mr. Nischal Nitesh Sharma (EDP No. 91838) was overpaid salary upon his resignation. The Officer resigned from the service with effect from 25/02/11. However, he continued to receive salary until 25/03/11, resulting in overpaid salary of \$664.69. The Department was not able to reverse the above overpayment on time.

Inadequate supervisory checks may have lead to the overpayment of salary. The Department could have avoided the above anomaly had they been more vigilant and proper supervisory controls were in place.

### **Recommendations**

- **The Department should make a concerted effort to recover the salary overpayment from the Officer concerned. And where recovery is not possible, the Department should investigate the cause of the overpayment and take appropriate action.**
- **The Department should ensure that an effective and efficient communication process is in place with the Administration and Accounts Section for immediate or prompt action in regards to cessation of salary upon resignation, termination or retirement.**

### **Department's Comments**

*Overpayment of salary to Nischal Nitesh Sharma occurred due to late advice received by Accounts Section. Reversal of salary was not possible either as the officer had already taken the money from the bank.*

*Our administration Section is now coordinating with Accounts Section and forwarding letters of resignation immediately in order for Accounts to cease officers' salary rather than waiting for the formal approval of resignation from the PS Justice as was the practice previously.*

*If officers give last minute resignation, then obviously there will be overpayment which is beyond the department's control.*

## **10.7 Usage of Telephone Lines**

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over expenditures and corruption do not occur.<sup>4</sup>

The Department uses two sets of lines for the incoming and outgoing calls. The incoming calls are received by officers through their set extensions or direct dedicated lines. The outgoing calls are made by officers through the government tenant lines by entering a code and then dialling the number.

The following discrepancies were noted in the current settings of telephone lines:

- Every month the Department has to pay rental charges for both the direct and the government tenant lines which is an additional cost for the Department. There are 15 government tenant lines and 105 dedicated lines.

<sup>3</sup> Finance Instructions 2010 – Section (17) (1)

<sup>4</sup> Department's Finance Manual 2011 – Part 2: Expenditure Introductory Statement



- The government tenant lines bills failed to provide the records of the sections/division within the Department making the calls together with the number of calls made. Discussion with the Principal Accounts Officer revealed that the calls will go through any of the government tenant lines when they are free. Hence, it is difficult for the Department to trace which sections are making excessive and personal calls.
- The government tenant lines at the government buildings are cross – connected with other government departments based at government buildings. Hence, it is impossible for the department to determine the accuracy of the government tenant lines bill charged to them.

The above finding indicates that the Department might be incurring unnecessary telephone expenditures that may have an adverse effect on the telephone expenditure allocation provided in the Department's budget.

### **Recommendation**

**The Department should liaise with responsible authorities such as Telecom Fiji in order to rectify the above discrepancies.**

### **Department's Comments**

*The department has already had so many meeting with TFL but unfortunately they are not able to resolve the problem we face with the tenant lines. They were asked to clean up the entire govt. Building telephone "pin codes" and issue with new ones but even this they couldn't do to date. The only option left is for us to have an altogether new telephone system which of course will cost the dept a lot for which we do not have funds. The dept is trying to minimize the telephone costs which has dropped compared to previous years. It has to be understood that calls originates from PM's office, Ministry of Information, DPP, Judicial all can be billed to Judicial because of present system.*

*Some sections of the dept will move to Kelton House, most probably by November this year, after which we will try to sort out this problem.*

## **10.8 Maintenance of Court Exhibits**

The Officer in Charge of an Exhibit should be responsible for the correct maintenance of the Register for Court Exhibits. Upon receiving the exhibits, the particulars of the exhibits should be entered into the Exhibits Register before they are stored in the Exhibit Room.

Under the Health and Safety at Work Act 1996 the workplace environment shall be free from hazardous substances. Every Employer shall ensure that the health and safety at work of all his<sup>5</sup> or her workers.<sup>5</sup>

Review of the Court exhibit records and physical inspection of exhibits maintained at the Suva High and Magistrate Court revealed the following irregularities in the maintaining of the Court exhibits:

- There is not set criteria for the maintenance of court exhibits;
- Inflammable items were maintained together with the other exhibits for Magistrate Court which are hazardous such as gas tank, firecrackers and liquors;

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<sup>5</sup> Occupational Safety & Health Act 1996 – Section 9 (1)  
Judicial Department

- The safe for the Magistrate Court exhibits is not OHS compliance. There is no proper ventilation and exhibits were not stored in a systematic way making it difficult to locate some of the items;
- Exhibits for High Court were stored in a filing room which is accessible by all the High Court Criminal officers, hence there is a risk of misappropriation of exhibits which may go undetected;
- Annual checks were not conducted by the Department to ensure existence of exhibits for all open cases;
- For the High Court exhibits, all court officers are responsible for entering and updating the exhibit register without initialing the register. There is also no senior officer's initial to certify that the entries and updating of exhibit register is correctly done.

Exhibits are maintained to be used as evidence in Court proceedings. Poor recording and maintenance of these exhibits may have serious implications on the outcome of the cases.

### **Recommendations**

- **The Department should ensure that set criteria is developed for the handling and movement of courts exhibits.**
- **The Department should ensure that the flammable items are kept separately from other exhibits.**

### **Department's Comments**

*There are no proper spaces allocated in this DPO of relevant divisions or DPP does not even have records maintained hence it is very difficult to double check our records.*

## **10.9 Occupational Health and Safety (OHS) Requirements**

Under the Health and Safety at Work Act 1996 the workplace environment shall be free from hazardous substances. Every Employer shall ensure that the health and safety at work of all his or her workers.<sup>6</sup>

The Department has an OHS committee responsible for identifying and addressing OHS issues.

The Department's Account Section fails to meet the OHS requirements. The documents in the Accounts Section were difficult to locate as they were placed on the selves, floors, cabinets and around workstations. Old records were piled in the store room and cabinets were located along the corridors due to lack of space.

The Accounts Section does not have adequate fire exits. Staffs are also not aware of the locations of the fire extinguishers and fire alarms. According to the Officer responsible, all the records of the services done to the fire alarm system are handled by Ministry of Public Works.

The staffs of the Department could be exposed to life risk during natural disasters such as fire.

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<sup>6</sup> Occupational Safety & Health Act 1996 – Section 9(1)

**Recommendations**

- The Department should look into the OHS issues seriously as it may result in health hazard to staffs.
- The OHS committee should be more pro active in creating awareness on OHS matters such as location of the fire extinguishers.

**Department's Comments**

*We really appreciate the Auditor's views with regards to the Department's Accounts Section's non OHS compliance particularly with regards to the office space. This has also been an on-going issue and a matter of concern to management for a number of years. However, as confirmation has now been given by the Prime Minister as well as the on-going negotiation and discussion between PSC and the Landlord, an agreement has now been reached by the Lands Department, PSC and Kelton Investment for work to commence at the Kelton House where Accounts, Administration, Training and Small Claims Tribunal will be relocating by November this year. Obviously the issue of overcrowding will effectively be remedied by this move.*

*The OHS Committee is also now in the process of putting up submissions for the conduct of OHS training for its members including other staff of the Department by the Ministry of Labour staff. In a recent meeting, an evacuation plan has been drawn up and exits and entrances have been identified accordingly. In addition, OHS reps have also been tasked with the responsibility of identifying fire extinguishers around the building so that PWD can be informed for their maintenance.*

f.

**10.10 Anomaly noted in the Chief Registrars employment contract**

The Judicial Officer will be subject to the provisions of Judges Remuneration and Emoluments Act 1974 Revised Edition Cap 16 of 1985 and Judicial Services Commission (Discipline and Retirement) Regulations, or where applicable, the Public Service Act 1998 and Regulations made thereunder and the General Orders of Public Service Commission, and other laws, regulations, instruction and orders that may apply to Magistrates as amended from time to time.<sup>7</sup>

Acting allowance will be payable at the rate specified in GO's 416 & 417 from the date of commencement of acting appointment to the date of termination thereof (both dates inclusive). No acting allowance will be payable if absence from duty is in excess of fifteen consecutive days.<sup>8</sup>

The Chief Registrar Mrs. Arachchi continued to receive acting allowance despite being absent from work for more than 15 conservative days. Refer Table 10.5 below for details.

**Table 10.5: Leave Taken**

Type of Leave	Leave Period	Number of days leave taken
In patient sick leave	07/01/11 to 30/01/11	24 conservative days
In patient sick leave	31/01/11 to 15/02/11	16 conservative days

According to the Department, the Chief Registrar is appointed by the President hence the terms of employment is determine by the President. The President decides on the appointment and acting of the Chief Registrar hence she is exempted from General Orders regulations. This is contrary to the terms and condition of the employment agreement which states that where applicable General Orders also needs to be followed while she is employed by the government.

<sup>7</sup> Agreement of Service between Government of Fiji and Irani Ganga Wakishta Arachchi – Section 2 (1) (e) – signed on 23/06/11

<sup>8</sup> General Orders 2011 – Section 415

The above indicates that there is no clear guideline on the terms and conditions of the acting appointment of the judicial officers.

### **Recommendations**

- **The Department should ensure that the contract agreements for engaging judicial officers are drafted in such a way that it does not contradict with other Public Service rules and regulations.**
- **Where possible, the Department should re-look at the terms and conditions of the current contract agreements of the Judicial Officers and amend clauses that are contradicting with their employment conditions.**

### **Department's Comments**

*The contracts for all the judicial officers not only the Chief Registrar, has anomalies.*

*This is due to the non-establishment of the Judicial Services Commission (JSC). Therefore the dept cannot look into the Terms n Conditions of the current agreements in order to develop/amend/repeal and has therefore decided to carry on with the existing contracts and the practice until the appointment of the JSC. Only very minor amendments are done at present.*

*Chief Registrar is a Judicial Officer (not a public servant) appointed by HE the President and the 'Acting' is of permanent nature until and unless the appointment is either confirmed or revoked. Hence the payment of the Acting allowance is in order.*

*It is important to note that this is a repeated query from last year to which I had already replied.*

11/11/11

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## Section 11 Legislature Department

### Role and Responsibilities

The Legislature Department ensures provision of a well maintained, secured environment and facilities to be used as offices and venues for meetings, workshops and dialogues, etc, by ministries & departments and other Government agencies as well as accommodating visits by students, public at large and visiting dignitaries from abroad.

It provides the Secretariat which consists of administrative and support staff that service the daily meetings of the Public Accounts Committee.

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## PART A: FINANCIAL STATEMENT

### 11.1 Audit Opinion

The audit of the 2011 accounts of the Legislature Department resulted in the issue of an unqualified audit report.

### 11.2 Statement of Receipts and Expenditure

The Legislature Department collected revenue of \$1,322 and incurred total expenditure of \$851,402 in 2011.

**Table 11.1: Statement of Receipts and Expenditure for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
State Revenue	124	128
Agency Revenue	1,198	1,403
<b>TOTAL REVENUE</b>	<b>1,322</b>	<b>1,531</b>
<b>EXPENDITURE</b>		
<b>Operating Expenditure</b>		
Established Staff	125,458	286,717
Government Wage Earners	166,917	167,437
Travel & Communications	41,987	46,704
Maintenance & Operations	142,630	69,495
Purchase of Goods & Services	21,718	21,454
Operating Grants & Transfers	0	0

Description	2011 (\$)	2010 (\$)
Special Expenditures	272,833	281,692
<b>Total Operating Expenditure</b>	<b>771,543</b>	<b>873,499</b>
<b>Capital Expenditure</b>		
Capital Construction	0	0
Capital Purchase	0	3,520
Capital Grants & Transfers	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>3,520</b>
Value Added Tax	79,859	48,671
<b>TOTAL EXPENDITURE</b>	<b>851,402</b>	<b>925,690</b>

Total expenditure decreased by \$74,288 or 8% in 2011 compared to 2010. This was mainly due to redeployment and transfer of some of the staffs to other Ministries and Departments.

### 11.3 Appropriation Statement

The Department incurred expenditures totalling \$851,402 in 2011 against the budget of \$974,515 resulting in a savings of \$123,113 or 13%.

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

**Table 11.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	129,759	(3,160)	126,599	125,458	0	1,141
2	Government Wage Earners	138,848	28,160	167,008	166,917	0	91
3	Travel & Communications	69,700	0	69,700	41,987	0	27,713
4	Maintenance & Operations	165,100	0	165,100	142,630	0	22,470
5	Purchase of Goods & Services	35,000	0	35,000	21,718	0	13,282
6	Operating Grants & Transfers	0	0	0	0	0	0
7	Special Expenditures	344,000	(25,000)	319,000	272,833	0	46,167
	<b>Total Operating Expenditure</b>	<b>882,407</b>	<b>0</b>	<b>882,407</b>	<b>771,543</b>	<b>0</b>	<b>110,864</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	346,616	(346,616)	0	0	0	0
9	Capital Purchase	0	0	0	0	0	0
10	Capital Grants & Transfers	0	0	0	0	0	0
	<b>Total Capital Expenditure</b>	<b>346,616</b>	<b>(346,616)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
13	Value Added Tax	144,100	(51,992)	92,108	79,859	0	12,249
	<b>TOTAL EXPENDITURE</b>	<b>1,373,123</b>	<b>(398,608)</b>	<b>974,515</b>	<b>851,402</b>	<b>0</b>	<b>123,113</b>

In 2011, Cabinet approved the re-deployment of \$398,608 from the Legislature Department's budget to other Ministries and Departments.

## PART B: AUDIT FINDINGS

### 11.4 Long Outstanding Balance in RFA

Travelling advances must be recouped within 7 days of the completion of travel by submission of a voucher with documents to support the claim.<sup>1</sup> Where a travelling advance has not been fully expended, it must be repaid to the agency within 7 days of the completion of travel.<sup>2</sup> In addition, where a travelling advance is not cleared within 7 working days of the completion of travel, recovery must be made from the concerned officer's salary within 6 fortnights.<sup>3</sup>

The audit noted that two Revolving Fund Advance Accounts balances have been carried forward from prior years. Refer Table 11.3 below for details.

**Table 11.3: Long Outstanding Revolving Fund Advance Account not cleared**

Account	Brought Forward balance (\$)	Current Year's movements (\$)	Total Advances (\$)	Remarks
1 – 12101 – 12101 – 560203	3,290.86	0.00	3,290.86	Balance brought forward from 2008
1 – 12101 – 12999 – 570301	38,068.46	0.00	38,068.46	Balance brought forward from 2004
<b>Total</b>	<b>41,359.32</b>	<b>0.00</b>	<b>41,359.32</b>	

The above indicates that the Department failed to take any corrective actions in order to reconcile and clear these accounts. The above balances are unnecessarily overstating the RFA balances.

#### Recommendations

- The Department should take immediate actions to clear all long outstanding items reflected under RFA.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

#### Department's Comments

*All officers who were issued accountable advances claimed they had returned all un-used money and acquittals to Taj and Ranbir. However, there were no receipts issued to support their claim. The department later lodged a complaint to the Police Dept in 2008 to investigate the theft that supposedly took place in regards to the un-cleared sum in question. There is no feedback from the Police Dept to date. The two officers responsible for accountable advances are no longer around to answer to the queries. Taj passed away in 2009 and Ranbir migrated abroad. There were emails between former Accounting Head, Ms. Amali Sauduadua and the current post holder Ms. Miriama Vereivalu in regards to the outstanding RFA.*

### 11.5 Accounts Receivable Module

When a customer is invoiced through the Accounts Receivable (AR) module, a sales journal is created<sup>4</sup>, whereby a debtor is added and the respective revenue allocation, entered by the user, is

<sup>1</sup> Finance Instructions 2010 – Section 44 (3)

<sup>2</sup> Finance Instructions 2010 – Section 44 (4)

<sup>3</sup> Finance Instructions 2010 – Section 44 (5)

<sup>4</sup> AR Test Plan – 19 September 2007



affected in the general ledger. When receipting against an invoice<sup>5</sup>, cash is debited and the relevant debtor credited.

Review of the Department's account balances in FMIS revealed a debit balance of \$29,286.89 under account number 1-12000-00000-520000. This account relates to domestic cash balance.

The Department did not prepare any reconciliation for the above account. As such, audit was not able to substantiate the correctness of the above balance.

Discussion with the Accounts Officer revealed that the Department is not in the AR Module.

### **Recommendations**

- **The Department should not post into this account if they are not in the AR module.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

### **Department's Comments**

*All deposits made into the government CNB Consolidated Fund Account by the department is swiped into the department's SEG 52 allocation and journalized end of the month and credited to the various revenue/expenditure allocations.*

## **11.6 Tax Arrears/ PAYE**

All employers shall make a return of such persons in their employ receiving any salary or other remuneration in excess of such an amount as the Commissioner may approve...<sup>6</sup>

As at 31 December 2011, account number 1 – 12101 – 12101 – 861901 (201 PD Tax Arrears/ PAYE) had a credit balance of \$164,079.02. This account alone makes up 99% of the total Operating Trust Fund balance. The balance had been continuously brought forward from previous years.

The Department has failed to take any urgent steps in order to have this account cleared.

As a result, a significant balance existed for Operating Trust Fund Account as at balance date. Also failure to clear Tax Arrears/ PAYE on time may result in penalties charged by FRCA.

### **Recommendation**

**The Department should investigate the above balance and take necessary steps in order to have the balance cleared from the Operating Trust Fund Account.**

### **Department's Comments**

*The Department has emailed Ms. Amali Sauduadua (former Accounting Head) to clarify why this credit was not paid out to FRCA as we cannot ascertain why the credit is still lying in the PAYE trust allocation. Up till this morning Ms. Sauduadua is yet to respond to the issues in regards to the tax arrears.*

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<sup>5</sup> AR Test Plan – 19 September 2007

<sup>6</sup> Income Tax Act – Section 47

## Section 12

## Office of Accountability and Transparency

### Role and Responsibilities

The Office of Accountability and Transparency is a multi-faceted Office that will deal with freedom of information, code of conduct issues for public officials and other areas of law concerned with accountability, transparency and responsibility for public officials and institutions.

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## PART A: FINANCIAL STATEMENTS

### 12.1 Audit Opinion

The audit of the 2011 accounts of the Office of Accountability and Transparency resulted in the issue of an unqualified audit report.

### 12.2 Statement of Receipts and Expenditure

The Office incurred a total expenditure of \$556,327 in 2011. Refer to Table 12.1 for details.

**Table 12.1: Statement of Receipts and Expenditure for 2011**

Description	2011 (\$)	2010 (\$)
<b>EXPENDITURE</b>		
<b>Operating Expenditure</b>		
Established Staff	101,378	135,991
Government Wage Earners	9,930	29,574
Travel & Communication	6,666	9,093
Maintenance & Operations	38,975	17,022
Purchase of Goods & Services	28,612	724
Operating Grants & Transfers	361,999	415,000
<b>Total Operating Expenditure</b>	<b>547,560</b>	<b>607,404</b>
Value Added Tax	8,767	3,090
<b>TOTAL EXPENDITURE</b>	<b>556,327</b>	<b>610,494</b>

Total expenditure declined by \$54,167 or 9% in 2011 compared to 2010. This was due to the decrease in operating grants and transfers by \$53,001 (or 13%) as a result of non acceptance of requisition to incur expenditure (RIE) by the Ministry of Finance for a grant request from Fiji Human Rights Commission which was delayed.

### 12.3 Appropriation Statement

The Office incurred expenditures totalling \$556,327 against the revised budget of \$760,711 resulting in a saving of \$204,384 or 27%. Details of expenditures against the budget estimates are provided in Table 12.2.

**Table 12.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
	<b>Operating Expenditure</b>						
1	Established Staff	101,749	0	101,749	101,378	0	371
2	Government Wage Earners	12,569	0	12,569	9,930	0	2,639
3	Travel & Communication	21,800	0	21,800	6,666	0	15,134
4	Maintenance & Operations	44,600	0	44,600	38,975	0	5,625
5	Purchase of Goods & Services	34,793	0	34,793	28,612	0	6,181
6	Operating Grants & Transfers	730,000	(200,000)	530,000	361,999	0	168,001
	<b>Total Operating Costs</b>	<b>945,511</b>	<b>(200,000)</b>	<b>745,511</b>	<b>547,560</b>	<b>0</b>	<b>197,951</b>
13	Value Added Tax	15,200	0	15,200	8,767	0	6,433
	<b>TOTAL EXPENDITURE</b>	<b>960,711</b>	<b>(200,000)</b>	<b>760,711</b>	<b>556,327</b>	<b>0</b>	<b>204,384</b>

In 2011, Cabinet approved the re-deployment of \$200,000 from Office of Accountability and Transparency's budget to other Ministries and Departments.

## Section 13 Office of the Director of Public Prosecutions

### Role and Responsibilities

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

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

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

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## PART A: FINANCIAL STATEMENT

### 13.1 Audit Opinion

The audit of the 2011 accounts of the Office of the Director of Public Prosecutions resulted in the issue of an unqualified audit report.

### 13.2 Statement of Receipts and Expenditure

The Office of the Director of Public Prosecutions collected revenue totalling \$12,775 and incurred a total expenditure of \$3,187,584 in 2011.

**Table 13.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
State Revenue	12,730	7,630
Agency Revenue	45	217
<b>TOTAL REVENUE</b>	<b>12,775</b>	<b>7,847</b>
<b>EXPENDITURE</b>		
<b>Operating</b>		
Established Staff	1,891,046	2,627,702
Government Wage Earners	127,083	95,237
Travel & Communications	175,969	182,955
Maintenance & Operations	248,758	217,353

Description	2011 (\$)	2010 (\$)
Purchase of Goods & Services	487,553	393,968
Operating Grants and Transfers	0	0
Special Expenditures	99,996	92,212
<b>Total Operating Expenditure</b>	<b>3,030,405</b>	<b>3,609,427</b>
<b>Capital Expenditure</b>		
Capital Construction	0	0
Capital Purchase	0	76,982
Capital Grants & Transfers	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>76,982</b>
Value Added Tax	157,179	103,764
<b>TOTAL EXPENDITURE</b>	<b>3,187,584</b>	<b>3,790,173</b>

Total expenditure declined by \$602,589 or 16% in 2011 compared to 2010 due to various vacant posts not filled in 2011.

### 13.3 Appropriation Statement

The Office incurred expenditure totalling \$3,187,584 in 2011 against the budget of \$3,842,892 resulting in savings of \$655,308 or 17%.

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

**Table 13.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	2,466,670	(124,546)	2,342,124	1,891,046	0	451,078
2	Government Wage Earners	90,426	48,914	139,340	127,083	0	12,257
3	Travel & Communication	222,400	(16,229)	206,171	175,969	0	30,202
4	Maintenance & Operations	211,200	59,333	270,533	248,758	0	21,775
5	Purchase of Goods & Services	499,496	32,528	532,024	487,553	0	44,471
6	Operating Grants & Transfers	0	0	0	0	0	0
7	Special Expenditure	100,000	0	100,000	99,996	0	4
	<b>Total Operating Expenditure</b>	<b>3,590,192</b>	<b>0</b>	<b>3,590,192</b>	<b>3,030,405</b>	<b>0</b>	<b>559,787</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	0	0	0	0	0	0
9	Purchase	85,000	0	85,000	0	0	85,000
10	Capital Grants & Transfers	0	0	0	0	0	0
	<b>Total Capital Expenditure</b>	<b>85,000</b>	<b>0</b>	<b>85,000</b>	<b>0</b>	<b>0</b>	<b>85,000</b>
13	Value Added Tax	167,700	0	167,700	157,179	0	10,521
	<b>TOTAL EXPENDITURE</b>	<b>3,842,892</b>	<b>0</b>	<b>3,842,892</b>	<b>3,187,584</b>	<b>0</b>	<b>655,308</b>

## PART B: AUDIT FINDINGS

### 13.4 Salary Increment for Principal Legal Officer

The quantum of a merit increase payment shall be the amount of the difference between an Officer's annual basic salary and the salary point immediately above his substantive annual basic salary

structure.<sup>1</sup> An Officer who is confirmed in his appointment and who has achieved the required performance rating may be awarded a merit increase.<sup>2</sup>

Furthermore, an Officer's performance assessment and merit increase qualifying period shall be from 1st January through to 31st December in any one year.<sup>3</sup>

In addition, an Officer's performance assessment shall be properly documented on relevant performance assessment forms for the purpose of promotion and the appropriate award of merit increase as and when due.<sup>4</sup>

On 15/02/12, the Director of Public Prosecutions, Mr. Christopher T. Pryde granted approval for Ms. Nancy Tikoisuva's (EDP 64215) salary to be upgraded by four (4) steps in the LG03 grade to \$52,632 with salary scale of \$45,529 - \$58,465.

Our audit noted the following anomalies:

- The Officer was granted salary increment of \$7,103 (4 scales up) effective from 15/02/12 instead of one scale increase of \$1,775.
- The Officer's salary was upgraded on 15/02/12, whereas the merit increase shall be the period from 01/01/12 to 31/12/12 to be paid in 2013.
- The Performance Assessment and Development Form highlighting the recommendation for increment payment of Ms. Nancy Tikoisuva were not produced to audit.

Remunerating officers at higher salary scales without proper approval is a breach of Public Service Regulations.

### **Recommendations**

- **The Office should seek the approval of the Public Service Commission if it needs to continue remunerating the officer at salary other than the minimum of the respective current salary scale.**
- **The Public Service Commission should further investigate this matter and take appropriate action.**
- **General Orders relating to merit increments should be strictly complied with.**

### **Office Comments**

*The decision on any merit increase in salary is made by the Director of Public Prosecutions.*

*There is a critical and urgent need in the Office of the Director of Public Prosecutions (ODPP) to retain competent senior staff to conduct prosecutions.*

*Ms Tikoisuva has performed her duties at a high level and is currently the Manager of the Serious Fraud Division at the ODPP.*

*The decision by the Director to increase her salary by four steps was based on (i) a review of her performance as a prosecutor, (ii) consideration of her increased responsibilities as Manager of the Serious Fraud Division and (iii) the need to match an offer of alternative employment.*

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<sup>1</sup> General Orders 2011 – Section 408

<sup>2</sup> General Orders 2011 – Section 409 a

<sup>3</sup> General Orders 2011 – Section 410 (a)

<sup>4</sup> General Orders 2011 – Section 412

*The decision to increase her salary four steps was justified by her performance and the critical need to retain her services. The decision to increase her salary to \$52,632 was to match the offer of salary she had received from an alternative employer. The salary increase is within the LGO3 grade and it is within the budget for the ODPP.*

*Ultimately, the ODPP is accountable to the judiciary with regard to the prosecution of cases since prosecutors as lawyers are officers of the court. Recently, there has been criticism from the judiciary regarding the efficient prosecution of cases. The need to attract and retain staff is therefore a major priority.*

### **13.5 Cancellation of Conference**

A cost-effective internal control comes together with proper management of expenditures. This is crucial in ensuring that waste of funds, over-expenditures and corruption do not occur.<sup>5</sup>

As part of on-going consultation process, the Office organizes a conference for all its legal staffs which is usually held at year end at a hotel or resort.

The annual conference that was supposed to be held in 2010 was cancelled by the Minister. As a result, the Office had to pay \$30,862.52 to the Shangri-La Fijian Resort as cancellation charges.

Had the Minister made his decision to cancel the conference much earlier, the cancellation charges could have been avoided and used for other important purposes.

#### **Recommendation**

**The Office should ensure that proper decisions on conferences are made before the booking or during valid cancellation period to avoid any cancellation charges being charged.**

#### **Office Comments**

*The Annual Conference was planned and booked in advance upon the approval of the former DPP, Ms Jinasena. The cancellation of the conference was beyond our control.*

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<sup>5</sup> DPP Finance Manual 2011, Part 2: Introductory Paragraph

## Section 14 Department of Justice

### Roles and Responsibilities

#### Department of Justice

The Department of Justice is responsible for the efficient and effective delivery of services relating to all the Registries. The Justice Department will be the point of contact for all requiring registrations of properties, stamp duty, birth, death, marriage and company.

#### Department of Prisons and Corrections

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

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**DEPARTMENT OF JUSTICE****PART A: FINANCIAL STATEMENTS****14.1 Audit Opinion**

The audit of the 2011 accounts of the Department of Justice resulted in the issue of an unqualified audit report.

**14.2 Statement of Receipts and Expenditure**

The Department collected total revenue of \$5,616,803 and incurred expenditures amounting to \$2,923,484 in 2011. Refer to Table 14.1 for details.

**Table 14.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
State Revenue	5,616,051	20,536,046
Agency Revenue	752	1,133
<b>TOTAL REVENUE</b>	<b>5,616,803</b>	<b>20,537,179</b>
<b>EXPENDITURE</b>		
<b>Operating</b>		
Established Staff	1,226,130	1,250,579
Government Wage Earners	79,132	68,992
Travel and Communications	71,131	62,470
Maintenance and Operations	538,012	253,488
Purchase of Goods and Services	30,571	31,545
Operating Grants and Transfers	11,500	10,570
Special Expenditure	49,537	57,155
<b>Total Operating Expenditure</b>	<b>2,006,013</b>	<b>1,734,799</b>
<b>Capital Expenditure</b>		
Construction	63,485	0
Purchase	617,193	300,582
<b>Total Capital Expenditure</b>	<b>680,678</b>	<b>300,582</b>
Value Added Tax	236,793	82,633
<b>TOTAL EXPENDITURE</b>	<b>2,923,484</b>	<b>2,118,014</b>

The total revenue declined by \$14,920,376 or 73% in 2011 due to the transfer of the Stamp Duties Office to FIRCA on 01/04/11.

Total expenditure increased by \$805,470 or 38% in 2011 compared to 2010 due to the increases in demand for stationery and printing materials, cost incurred for the review of companies act, transfer of \$376,000 to Fiji Inland Revenue and Customs Authority for the implementation of second phase of the Stamp Duties Office software project and the clearance of revolving fund account balance of \$157,625.

### 14.3 Appropriation Statement

The Department incurred expenditure totaling \$2,923,484 in 2011 against the budget of \$3,281,612 resulting in a savings of \$358,128 or 11%. Details of expenditures against the budget estimates are provided in Table 14.2.

**Table 14.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,383,499	(23,987)	1,359,512	1,226,130	0	133,382
2	Government Wage Earners	69,124	23,987	93,111	79,132	0	13,979
3	Travel & Communications	73,770	(1,476)	72,294	71,131	0	1,163
4	Maintenance & Operations	266,500	271,785	538,285	538,012	0	273
5	Purchase of Goods & Services	34,119	(3,548)	30,571	30,571	0	0
6	Operating Grants & Transfers	11,500	0	11,500	11,500	0	0
7	Special Expenditures	330,000	(266,761)	63,239	49,537	0	13,702
	<b>Total Operating Expenditure</b>	<b>2,168,512</b>	<b>0</b>	<b>2,168,512</b>	<b>2,006,013</b>	<b>0</b>	<b>162,499</b>
	<b>Capital Expenditure</b>						
8	Construction	0	81,823	81,823	63,485	0	18,338
9	Purchase	876,000	(81,823)	794,177	617,193	0	176,984
	<b>Total Capital Expenditure</b>	<b>876,000</b>	<b>0</b>	<b>876,000</b>	<b>680,678</b>	<b>0</b>	<b>195,322</b>
13	Value Added Tax	237,100	0	237,100	236,793	0	307
	<b>TOTAL EXPENDITURE</b>	<b>3,281,612</b>	<b>0</b>	<b>3,281,612</b>	<b>2,923,484</b>	<b>0</b>	<b>358,128</b>

### 14.4 Statement of Losses

The Department of Justice recorded loss of a laptop with the original cost of \$3,410. A sum of \$1,678.84 was recovered before the officer responsible retired from the service. The Department is intending to recover the balance through legal means.

## PART B: AUDIT FINDINGS

### 14.5 Revolving Fund Account (RFA)

The Senior Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.<sup>1</sup>

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the proper authorization of the Ministry of Finance, pending approval by Cabinet.<sup>2</sup>

Our audit noted significant decline in Revolving Fund Account balance from \$207,802 in 2010 to \$48,539 in 2011.

This was the result of \$157,625 cleared against the savings in various expenditure allocations in December. However, no approval was obtained from Ministry of Finance.

<sup>1</sup> Finance Manual – Section 18.1.3

<sup>2</sup> Finance Instruction 2010 – Section 7

Unauthorized clearance of the RFA balance against the savings in expenditure allocation is a breach of Finance Instructions.

### **Recommendation**

**The Department should ensure that appropriate approvals are obtained from Ministry of Finance for any intended write-off on outstanding revolving fund account balances.**

### **Department Comments**

*The clearance was for the mapping error (mispostings, double postings and mistakes) by the FMIS team during the implementation of the FMIS system in 2005.*

*We acted upon the advice of the then Chief Accountant in a meeting where he instructed that savings in the budget at the end of the year could be used to clear the FMIS mapping error.*

*The breakdown of the amount \$207,802 is as follows:*

- *\$ 163,154.40 as FMIS mapping error (misposting, double posting and mistakes) during the implementation of the FMIS system in 2005.*
- *\$ 44,647.60 as legal cost for Registrar of Titles negligence in 2006. This amount was paid by the Treasury Department and debited to our IDC account.*

*The amount \$ 163,154.40 was posted to the Revolving Fund Account in 2005 to give way for the live implementation of the FMIS system and the inability of FMIS to clear it from our account.*

*In addition, the amount \$ 44,647.40 was posted to the Revolving Fund Account in 2006 because of lack of funds in the budget to meet payment of legal costs.*

*The Audit recommendation is noted and we will apply for writing off the balance of \$ 48,087.37 (legal cost plus the balance of mapping error) this year.*

## **14.6 Delay in Finalising the Review of Companies Act**

The task comprising Stages 1 to 5 will be completed within six months and the estimated fee for the review consists of professional fees AUD\$150,000 plus expenses AUD\$10,000.<sup>3</sup>

Stage 1 – Review the Companies Act (Cap 247), Registration of Business Names Act (Cap249), Capital Markets Development Authority Act and related laws and regulations.

Stage 2 – Consultation

Stage 3 – Drafting

Stage 4 – Legislations Workshop

Stage 5 – Finalize Legislation

In March 2009 the Expressions of Interest was called from suitably qualified persons or organizations to undertake a review of Fiji's Companies Act and related legislation.

Since there was no suitable responses to the initial call for tenders and in August 2009, Minter Ellison Lawyers (MEL) were approached and asked to submit an Expression of Interest.

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<sup>3</sup> Retainer Agreement for Review of Companies Act of Fiji  
Ministry of Justice (Justice and Prisons)

On 23/09/09 the Attorney General and Minister for Justice, Anti Corruption sought Prime Ministers approval to engage MEL without going through the competitive tender process. The request was approved by Prime Minister on 14/10/09.

Our audit of payment records noted the following anomalies:

- The review of the companies act commenced in January 2010 and as at the date of audit (17/02/12) the companies act was still under review. This has lapsed by 20 months.
- The contract agreement between the Department and the MEL was drawn up by the MEL.
- The reason for delay was not provided by the Registrar of Companies and the Administrator General. According to them the review was directly handled by the former Solicitor General.
- For additional expenses claims made by MEL, no justification/supporting documents were made available for audit verification.
- The Department on 17/2/12 paid professional fee of AUD\$266,195 to MEL which was in excess of AUD\$106,195 to the agreed fees (AUD \$160,000). Refer Table 14.3 below for payment details:

**Table 14.3: Payment made to MEL**

Date	Voucher No.	Amount Paid (FJ \$)	Amount Paid (AUD \$)
31/12/09	5869	43,000.00	24,339.57
04/03/10	6223	44,967.86	25,000.00
12/03/10	6265	1,248.15	678.43
06/05/10	6477	45,016.40	25,000.00
21/05/10	6529	42,573.19	25,000.00
22/09/10	7082	46,060.52	25,000.00
23/12/10	7471	13,804.80	7,277.08
26/05/11	8447	151,958.99	79,339.93
14/12/11	9243	51,173.32	27,223.59
08/02/12	16647	45,218.75	27,336.62
<b>Total</b>		<b>485,021.98</b>	<b>266,195.22</b>

Prolong delay in finalising the review of companies act could affect the service delivery of the Department. In addition, it defeats the purpose of the review and the initial request for exemption of tender process.

### **Recommendations**

#### **The Department should:**

- provide justification for the prolong delay in the finalization of the review of the companies act.
- follow up with MEL on the current progress of the review.
- ensure that the review works carried out are in line with the governments' intention.
- consider writing up its own contract agreement in accordance with terms and condition of the government.

**Department Comments****Retainer Agreement**

*Under clause 4.1 of the Retainer Agreement the amount AUD \$160,000 is an estimated amount; not binding and can change depending on the scope of work and other variables that will affect the estimate. In this regard, the amount to be paid can exceed AUD \$160,000 under the Agreement.*

**Securitization of Invoice**

*Each invoice was scrutinized by the Accounts Section before payments were made. All the invoices were verified and approved by the Solicitor General's office confirming the scope of work carried out. In this regard, we concurred that the works carried out and the amounts to be paid were justified.*

**Prior Approval of the Permanent Secretary of Finance**

*The prior approval of the Permanent Secretary for Finance was sought for all payments of professional fees since the funds used for payment were under requisition in the budget. Furthermore, a copy of the Retainer Agreement was given to the Ministry of Finance upon their request. Therefore, we assumed that provisions of the Retainer Agreement were considered when the Permanent Secretary for Finance granted the approvals.*

**14.7 Non Submission of Annual Returns**

Every company having a share capital, once at least in every year makes a return.<sup>4</sup> Every company not having a share capital shall, once at least in every calendar year, make a return.<sup>5</sup> The annual return shall be completed within 42 days after the annual general meeting for the year, whether or not that meeting is the first or only ordinary general meeting, or the first or only general meeting, of the company in the year, and the company shall, within such period, deliver to the registrar a copy signed both by a director and by a secretary of the company.<sup>6</sup> If a company fails to comply with this section, the company and every officer of the company who is in default shall be liable to a default fine.<sup>7</sup>

For registering any document out of time pursuant to subsection (2) of section 392 of the Act; for the first month or part thereof during which the default continues (exclusive of the periods mentioned in regulation 5) fees of \$5.00 would be levied. For each and every subsequent month (up to a maximum of \$40) fees of \$2.00 would be levied.<sup>8</sup>

The following companies have not submitted their annual returns to the Registrar of Companies Office for some considerable period. Refer Table 14.4 below for details:

**Table 14.4: Annual Returns of the Companies not submitted**

<b>Name of Company</b>	<b>Last Annual Return Submitted</b>
Rewa Rice Limited	31/12/00
Unit Trust of Fiji (Trustee) Ltd	28/02/07
Post Fiji Limited	31/12/06
Yaqara Pastoral Company Ltd	02/10/06
Food Processors Fiji Ltd	10/07/03
Fiji Hardwood Corporation Ltd	31/12/07

<sup>4</sup> Companies Act [Cap 247] – Section 127 (1)

<sup>5</sup> Companies Act [Cap 247] – Section 128 (1)

<sup>6</sup> Companies Act [Cap 247] – Section 129 (1)

<sup>7</sup> Companies Act [Cap 247] – Section 129 (2a)

<sup>8</sup> Companies Act (Cap 247) Second Schedule – Part V Additional Fees

Name of Company	Last Annual Return Submitted
Fiji Broadcasting Corporation Ltd	31/12/07

In addition, numerous private businesses have also not submitted their annual returns. It was revealed that the Registrar of Companies does not have adequate resources to keep track of all the files given its voluminous size. Refer Table 14.5 below for examples:

**Table 14.5: Annual Returns of the Private Companies not submitted**

Name of Company	Last Annual Return Submitted
HP Kasabia Brothers Ltd	2009
Hansons (Fiji) Ltd	2006
Harcourt Properties Ltd	2003
J Maneklal & Sons Ltd	2007
Kula Bird Park Pty Ltd	1992
Lotus Foreign Exchange Ltd	2002
Mango Bay Fiji Ltd	2004

On an ad-hoc basis if files are reviewed then reminder notices are sent to the defaulting companies to comply with the requirement. Otherwise no actions are taken on unidentified companies.

Furthermore, there are no system and process in place to ensure compliance to the provisions of the companies act.

The non submission of annual returns indicates blatant disregard to set rules and regulations which govern the companies operation. Non initiation of the default fees and fines on the default companies results in the loss of government revenue.

### **Recommendations**

- **The Registrar of Companies must improve its tracking system and ensure that all registered companies submit their annual returns in accordance with the Companies Act.**
- **The Department must review its default fees and charges as a deterrent measure against non compliance to the companies act.**
- **The Department must consider collaborating with the municipal councils. The business operators in respective municipalities should obtained clearance from the registrar of companies prior to getting their business license renewed.**

### **Department Comments**

#### **Computerized System**

*The Registrar of Companies Office is in the process of being computerized. The only set back is finance. At the moment we do have a computer system whereby stakeholders are able to login and lodge this application online and even pay their registration fees online by way of credit card.*

#### **Review of Companies Act and Fees**

*The review of the Companies Act and the new fees and charges will be in place before the end of June this year.*

#### **Annual Return**

*Since the downsizing of the civil service we have been affected in this area having no manpower to track individual files. Those who are behind in filing the Annual Returns are given reminder letters and are even*

*struck off under Section 340 of the Companies Act for non compliance. In order to charge the penalty for late submission of returns, we need manpower within the registry. To address this, we have made the necessary submission to PSC for creation of new positions to be funded in 2013 budget.*

### **Shell Companies**

*Most of the defaulting companies are shell companies registered by the law firms, but since the introduction of tax identification number by FRCA, there has been a decrease in the registration of these shell companies.*

### **City Council**

*The City Council nowadays is not issuing any business license to the operators/owners unless they provide them with the business registration certificate issued by the Registrar of Companies.*

## **14.8 Non Compliance with Service Agreement**

Post Fiji shall deliver all monies received for the Ministry directly to the Ministry by cheque. Post Fiji shall make this payment within 7 days from the end of each month.<sup>9</sup>

Post Fiji shall be responsible for delivering the point-of-sale data file to the Ministry in a compressed format via e-mail on a daily basis.<sup>10</sup>

All spoiled prints of relevant certificates shall be returned to the Ministry within 7 working days.<sup>11</sup>

Within seven days after the end of each month, offices of Post Fiji Ltd, Registrar General, Accounts Division of the Ministry of Justice and ITC Services must meet and agree with the reconciliation statement prepared by the Post Fiji, to account the total revenue collected and certificates issued for the previous month by Post Fiji Ltd.<sup>12</sup>

Our audit noted the following anomalies in relation to the compliance with the Service Agreement:

- Post Fiji does not remit the monies collected on behalf of the Department within seven days from the end of each month. Significant delay was noted. Refer Table 14.6 below for details:

**Table 14.6: Remittance of Money by Post Fiji**

Date	Receipt No.	Description	Amount (\$)
06/04/11	516771	January collection	20,823.75
06/04/11	516772	February collection	25,778.25
27/04/11	518894	March collection	35,196.90
05/07/11	527090	April collection	17,140.50
05/07/11	527089	May collection	14,532.75
12/07/11	527269	January to May short payment	2,521.60
20/07/11	82886	June collection	17,564.40
26/08/11	534356	July collection	13,935.23
15/09/11	538297	August collection	17,112.00
19/10/11	543833	September collection	15,124.80
11/11/11	548155	October collection	11,679.40
16/01/12	Unknown	November collection	13,622.90

<sup>9</sup> Service Agreement between the Government and Post Fiji – Clause 2.2

<sup>10</sup> Service Agreement between the Government and Post Fiji – Clause 5

<sup>11</sup> Service Agreement between the Government and Post Fiji – Clause 11

<sup>12</sup> Office Manual : Issuing of Births, Deaths & Marriages Certificates from Post Office Outlets – Reconciliation of Accounts

Date	Receipt No.	Description	Amount (\$)
16/01/12	Unknown	December collection	11,976.10

- As at the date of audit<sup>13</sup>, Post Fiji has not returned any spoiled certificates to the Department. Furthermore, the company does not prepare a monthly reconciliation statement. Hence, no discussion has been conducted between Post Fiji, Registrar General, Accounts Division and ITC Services in order to discuss the reconciliation prepared by Post Fiji.
- Post Fiji has not delivered any point of sale data file to the Department in a compressed format report on a daily basis.

The above indicates blatant disregard by the Post Fiji in compliance with the standing government agreement requirement and laxity by the Department in monitoring and addressing the non compliance by the company.

Absence of proper blank certificate reconciliation against the revenue remitted makes it difficult to ascertain the accuracy of the monthly revenue remitted by the Post Fiji.

### **Recommendations**

- The Department should make an effort to meet with the senior management of the Post Fiji to discuss and resolve the above anomalies noted.**
- The Department should ensure that the reconciliations submitted by Post Fiji are validated.**

### **Department Comments**

#### **Meeting with Post Fiji**

*We have had meetings with Post Fiji Officers including the Chief Executive Officer then Mr. Kuinikoro and discussed ways to reconcile returns. They had agreed that they will do their best to comply with the agreement.*

#### **Not Conforming to Service Agreement**

*After writing to Post Fiji in regards to the issue, Registrar General then had a meeting with Mr. Ramappa Naidu the accounts officer responsible for BDM services and advised him of our concerns that they have not been conforming to the Services Agreement. He was advised to draw an extra column in their monthly remittance advice to inform us of the number of certificates for reconciliation purposes.*

*Mr. Naidu was also reminded that they are still submitting payments after the required time. His response was that he had to wait for all the District Post Officers to send in the payments and statements and the timeline is not realistic because it is not easy to compile the returns from the 22 Post Officers around Fiji within 6 days.*

#### **Reconciliation Process**

*There was another meeting held on 16/04/12 between PSJ/RG/Mr. Isaac Mow of Post Fiji on the reconciliation process and Mr. Mow has promised that he will look into the matter urgently. The PSJ has asked Mr. Mow if they could send all cancelled birth certificates to the RG with their monthly payments and advice. Another option which Post Fiji has agreed to look into is the possibility of buying the birth certificates outright from government.*

<sup>13</sup> 12/02/12



## 14.9 Anomalies noted in Companies Office

Our audit of the Registrar of Companies Office records noted the following anomalies:

- The Companies Act was last revised in 1985 and since then apart from the Vat portion adjustment the fees and charges have not been reviewed in order to reflect the current cost of providing the services. Refer Table 14.7 below for examples of fees and charges charged as at the date of audit (17/02/12):

**Table 14.7: Fees and Charges**

Revenue Type	Amount VIP (\$)
Registration Fee – Individual	1.15
Registration Fee – Firm	1.15
Change in particulars – Individual	1.75
Change in Particulars – Firm	1.15
Notice of Cessation – Firm/Individual	1.15
Certificate of Registration (CTC)	2.30
Notice of situation	4.60
Annual return of company – not having a share capital	5.75
Notice of increase in nominal capital or number of members	4.60
Declaration of compliance	4.60
Consent to act as Director	4.60

- Registrar of Companies Office does not verify with Official Receivers Office to find out the bankruptcy status of the concerned applicant prior to processing the applications.
- Inadequate computer records are maintained. For instance the company director's particulars are not recorded in the system and hence it would be difficult to obtain information on a particular director and the number of companies he/she is associated with if necessitated.
- The File Issue Register and Photocopy Register are not filled properly and certain important details such as the name of the person to whom file is issued to, number of pages photocopied, receipt numbers and receipt amount are not recorded adequately.

Therefore, if a certain file goes missing then it would be difficult to determine who the last person to utilise the file was. Also, the reconciliation of receipts with the register for photocopying is impossible as the details are not adequately entered in the register.

- In several company files the documents were not properly filed or was loosely placed in the files thus making it susceptible to get missing or misplaced.
- No supervision is done on public and law clerks as to how they are utilising the files requested. Hence, the documents can be removed from files unknowingly.
- No register is maintained to record the details of the companies being registered as required in the Companies Act.
- There are no disaster recovery plans or the backup for the Registrar of Companies records.

Without a proper monitoring system and process and the adequate recording system in place, the service delivery of the Department could be affected. This could result in non-compliance to the companies act.

Non review of fees and charges at regular intervals could result in Department providing services at below sustainable level.

### **Recommendations**

**The Registrar of Companies must ensure that:**

- The fees and charges of the companies act are reviewed at a regular interval in order to reflect the current cost of providing the services.
- Official Receiver search requirement is included in the company registration form.
- Computer system to be upgraded and all the important details such as director's particulars are recorded.
- Adequate file tracking system is introduced with full details of the borrower being recorded.
- The photocopy register is properly maintained and reconciled with the cashier's daily taking report.
- Manual register is maintained to record the vital particulars of all the companies/businesses registered during the year.
- Adequate disaster recovery plan is documented in consultation with important stakeholders (ITC and National Archives).
- Orderly customer serving system is introduced similar to that of Public Trustee Office.

### **Department Comments**

#### **Fees and Charges**

*We are in the process of finalizing the review of Fees and Cost.*

#### **Official receiver Search requirements**

*Discussions have been made in regards to this matter and as of now there is no policy yet to adapt to this requirement. This is because we need to demarcate which person (Receiving order or adjudged bankrupt) that should be applicable to. Further discussions on whether Directors of the liquidated companies would also be included on this requirement. The office will have to get a formal approval in regards to this proposal.*

*The Registrar of Companies is anticipating that the computerization of the Official Receivers office will ease this search facility should we include this as a requirement in registering a business.*

#### **Computer System (in particular to search for names of Directors)**

*A good computerized system must be able to incorporate important issues about registering a company and provide the required information. Unfortunately we have a system where we can register but cannot give full details about the company and its director(s). This is a very good point that has been highlighted and we do take it seriously and will definitely take it on board when during the computerization of the Registrar of Companies Office.*

#### **File Tracking System**

*We have a card system whereby the registry clerk or whoever is taking out the files from the strong room is required to enter the particulars on the card. The details that are entered are date file is issued; issued to, date file returned and signature.*

**Photocopy register**

*We currently have a system that records and reconcile all photocopies that are done daily.*

**Manual Register**

*We have just recently updated our manual Register for all Companies and business names registered. Talks are still ongoing with ITC to have a backup system of all the records kept at the Registrar of Companies Office.*

**Search Room**

*With the restructure of Companies Section, we will have a new and larger customer service area and also new and bigger search room whereby the clients will be able to do searches properly. As stated earlier we are trying to get all the records computerized so that all the stakeholders are able to do searches online. This is subject to availability of funds.*

## **14.10 Anomalies Noted in Official Receivers Office**

The responsibilities include the administration of the office of the Official Receiver and court attendances, calling of meetings, publication of official notices, keeping of accounts relating to bankrupt estates and companies in liquidation, marshalling of assets and conversion of same into cash, reception of claims by creditors and distributors of liquidated assets to creditors and contributories.<sup>14</sup>

No proceeding in bankruptcy shall be invalidated by any formal defect or by any irregularity; unless the court before which an objection is made to the proceeding is of opinion that substantial injustice has been caused by the defect or irregularity, and that the injustice cannot be remedied by any order of the court.<sup>15</sup>

All notices and other documents for the service of which no special mode is directed may be sent by post to the last known address of the person to be served therewith.<sup>16</sup>

The audit of the Official Receivers records noted the following anomalies:

- there are several pending cases of which follow up action were not being done. Refer to ***Appendix 14.1*** and ***Appendix 14. 2*** for sample of pending cases.
- the Office advised of facing the acute staff and resources shortages. As at 27/02/12 the unit had four permanent staffs and one temporary relieving officer.
- no database is maintained by the Office to keep track of pending cases and its current status. Hence, it would be a tedious task to look at individual files and determine their status, as there are thousands of files for bankruptcy and insolvency.
- there are no offsite backups maintained for all the Office documents. Thus, if the records are destroyed in a natural disaster or fire the Office would lose all the vital records.
- the bailiffs are reluctant to carry out the service for the Office due to low fee being offered. In addition, Office is facing transportation problem in delivering the notices to the individuals and the directors of the company.

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<sup>14</sup> Role of Official Receiver – Stated in the Brochure

<sup>15</sup> Bankruptcy Act [Cap 48] – Section 128 (1)

<sup>16</sup> Bankruptcy Act [Cap 48] – Section 127

- no identification such as photos are maintained in the files. Most people have changed their address and employment which makes it difficult to track them or publish their identification in the newspaper.

The Office also administers the liquidation and winding up of the company's cases. At times Office also manages the operation of the business. Discussion with the Deputy Official Receiver revealed the following technical hindrances are faced by the unit:

- Lack of business expertise and knowledge compounded by the lack of staff and the resources to adequately monitor the progress of the companies who are in operation but under receivership.
- The unit does not have any storage place or yard therefore the Office continues the option of renting/leasing out the existing space whilst waiting to complete the liquidation process.
- The unit face difficulties in obtaining valuation of properties, plants, equipment and the furniture and fittings. Most of the time the items seized are old, outdated and has lost its economical value.
- Some companies deliberately go under receivership. Prior to that they sell most of their prime assets to avoid these being seized.
- Some companies during the winding up cases remove most of their valuable furniture & fittings, office equipment and machineries etc. This is very difficult for the unit to track.

Furthermore Bankruptcy Act was incorporated in 1978 and since then apart from the Vat portion adjustment, the fees and charges have not been reviewed in order to reflect the current cost of providing the services.

Lack of resources and poor tracking system affects the service delivery of the Department causing significant loss of the government revenue. Weaknesses in the existing laws (Official Receiver/Companies Act) could allow room for deceiving business practices for self gain without being reprimanded. Failure to take stern measures against the offenders would defeat the purpose of Official Receivers existence and deny justice to the affected parties.

### **Recommendations**

- **The Department must consider strengthening the current facilities of the Office of Official Receivers by providing them adequate resources (staffs and transport).**
- **The Department must computerize their processes in order to enable the Office for easy tracking of the cases referred to them.**
- **The Official Receivers Act (1978) must be revised to allow more power to the Official Receiver to carry out his/her function more effectively.**
- **Proper records of the individuals/directors (including the photograph) should be maintained.**
- **The names must be forwarded to the immigration department for the inclusion in the watch list for those cases that are difficult to locate or resolve.**
- **The Department must also seek police assistance or publish names in the newspapers for those cases difficult to locate.**
- **Once the system is improved the agencies such as banks, hire purchase dealers, data bureau or even general public should be informed about the Departments search services. This would generate additional revenue for the government.**
- **The storage and space for both keeping the file records and as well as the confiscated assets should be provided. This would save cost of renting the premises and hiring the security officers.**

## **Department Comments**

### **Pending Cases**

*The office has currently setup an excise to work on all pending cases and at the same time processing new Receiving Orders. Few highlighted cases have been discharged and the rest still pending as the debtors could not be located during distribution of court orders. The pending cases will be adjudicated and steps are taken to file necessary documents to court.*

### **Manpower**

*The Department is preparing a submission on staffing to PSC for 2013 budget. This submission also included additional staff for Official Receiver. The officers have good knowledge of the work and are performing exceptionally well.*

### **Tracking Computerized System**

*The office is currently working on a new trust management computerized system that should be installed this year which will include an effective tracking system of pending cases.*

### **New Vehicles**

*The office has been allocated new vehicles for services at both office, Suva and Lautoka. Service of documents has been done weekly.*

### **Tracking of Debtors**

*The office had seen the tracking of debtor's identification, changing of address and employment status as been prolonging our services. The office will add identification card as one of the criteria of our checking system. However, in most cases the office seeks this information from petitioning creditors.*

### **Monitoring Role**

*The physical operation of such companies is done by the company itself while the office does monitoring of all companies transactions to see that our creditors are fully paid. In this regard, we need additional manpower so that we can carry out our monitoring roles more effective.*

*The allocation of new vehicles last month (March 2012) has positively contributed to our performance.*

### **Storage Area**

*Currently the office has been allocated a space at Raojibhai Patel building as storage area.*

### **Valuation**

*The office engaged at least three professional valuation companies for the valuing of assets for sale.*

### **Sale of Assets**

*The sale of assets on comments is sold on tender according to the valuation report that is submitted. During the petition process such companies found of such practice are taken to task with relevant Act. Currently the office is working on increasing its search capabilities to other stakeholders for more information*

## 14.11 Anomalies noted in BDM Office

The Registrar-General may, subject to the approval of the Minister, make regulations from time to time for carrying out the provisions of this Act, prescribing the particulars required to be registered, the forms to be used, and the fees to be charged or payable, for the services to be performed in connexion with the provisions of this Act, and for the management of registries.<sup>17</sup>

The audit of the BDM operations noted the following anomalies:

- blank certificates issued during the month of May to August to Post Fiji were not properly recorded by the Registrar General Office in the Log Book.
- Numerous BDM documents stacked at the registry are pending to be sorted and binded. The documents are placed in the boxes in the binding room.
- old documents are wearing and tearing apart through natural process and the presence of pest.
- The current storage room is very small and inadequate to keep the records. Thus, BDM Office needs a proper and bigger storage room to safe keep all its documents safely.
- BDM computer system does not have any record prior to 1910. However, these documents are still requested by the public for numerous reasons.
- The discussion with the Registrar General revealed that ITC is unable to backup the BDM system at its Berkley Crescent Hub due to the BDM system being very old. Currently, the backup records are maintained at the old ITC centre which is at similar risk as the BDM building.
- The status reports are printed by the Suva, Lautoka and Labasa offices and submitted to Registrar General on a monthly basis. However, no blank certificate reconciliations are carried out by the RG's office.

Failure to have a safe and secure back up of the records could have an effect on retrieving the data in case of natural disasters. In addition, non preparation of monthly blank certificate reconciliation could allow room for free issuance or misappropriation by staffs.

It is a tedious task to look into manual records for information prior to 1910 and non binding of records on a regular basis could result in misplacement of the documents.

### **Recommendations**

- **The Department should consider entering into the system the records prior to 1910.**
- **The Department should liaise with National Archives for the old records to be shifted. Alternatively the Department should be allocated additional storage space.**
- **The Department must ensure that pending records waiting to be sorted and binded are done as soon as possible.**
- **The Department must liaise with the ITC Office to move the backup storage to Berkely Crescent Office or upgrade the current system if not compatible.**

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<sup>17</sup> BDM Registration Act Cap 49 1975- Section 32

**Department Comments****Old Records**

*We have noted that old records (1874 – 1910) are not frequently required by members of the public. There may be 5 to 10 persons that will request to do searches in the old records for ancestral migration (migration records) or for family history search in one month. Entering records prior to 1910 will require a lot of funds and perhaps a big project of computerization.*

**National Archives**

*We liaised with the National Archives Officers last year about shifting old records there and they were too reluctant to take our records due to the volume of records that we have and the condition of our books. They also advised that we will require scanning the books first if consider moving all old records there as the public will not be allowed to access the records directly as they do in the BDM Office. Also we will be required to mend all the old books again with new covers, pesticide treatment, etc. of which we do not have the resources to do so. Last pesticide treatment was done In October, 2011. Extra books are stored at the CK Patel Building.*

**RFMF Staff**

*The Department has secured the assistance of RFMF personnel from the beginning of this year. They have cleared all BDM documents that needed sorting. They also assist the sole bookbinder at the Department to bind the records.*

**Move Backup Storage to Berkely Crescent**

*The Manager ITC is aware of this as he had informed us of the incompatibility of the systems with the ITC and Berkley Crescent.*

**14.12 Anomalies noted in Titles Office**

The Registrar shall keep books, to be called the "Register of Titles", and shall bind up therein the originals of all instruments of title to be issued as hereinafter provided, and each instrument of title shall constitute a separate folium of the book in which such instrument is entered and the Registrar shall record, by entering a memorial thereof on the folium constituted by each such instrument of title, the particulars of every other instrument, dealing or matter affecting the same and which is required by the provisions of this Act or entered in the register.<sup>18</sup>

There shall be provided and maintained in proper repair at the public expense substantial and fireproof premises to serve as the place of deposit and preservation of the registers and all other documents connected with the registration of titles, and such premises shall be equipped with such fireproof safes, strong-rooms and other secure places as may be necessary.<sup>19</sup>

The audit of the Titles Office operations noted the following anomalies:

- The Titles Act was incorporated in 1978 and since then apart from the Vat portion adjustment the fees and charges have not been reviewed in order to reflect the current cost of providing the services. Refer Table 14.8 below for examples of fees and charges charged as at 17/02/12:

<sup>18</sup> Section 19 – Land Transfer Act Cap 131 (1978)

<sup>19</sup> Section 9 – Land Transfer Act Cap 131 (1978)

**Table 14.8: Fees and Charges**

Revenue Type	Amount VIP (\$)
Mortgage	3.02
Caveats	3.02
Charges	3.02
Amalgamation	16.00
Application to Dispute Titles	12.00
Application to Merge Titles	3.02
Application New Trustees	3.02
Application Trustees of Bank	3.02
Application for removal of caveat	4.00
Bill of Sale	2.00
Bill of Sale: Discharge	1.02
Bill of Sale Renewal	1.02
Caveat Change of Address	3.02
Caveat Withdrawal	3.02
Change/Correct Name	3.02
Deed of Agreement	2.53
Deed of Extension	2.53
Deed of Partnership	2.53
Deed of Trust	2.53
Deed of Settlement	2.53
Deed Poll	2.53
Easement	3.02
Easement Surrender	3.02
Easement Variation	3.02
Lease freehold land	3.02
Lease Sub Lease	3.02
Mortgage Discharge	4.00
Mortgage Foreclosure	20.00
Mortgage Deeds	2.53
Power of Attorney	2.00
Power of Attorney Cancel	3.02

- a photocopy register was maintained by Titles Office, however it was not utilised for its intended purpose during the year. No reconciliation was carried out with the cashier's receipt against the photocopy register.
- The Titles Office was allocated budgetary provision of \$500,000 in 2011 to computerise all the documents and records; however the fund was not utilised.
- The current TDRS system used by the Titles office could not provide the particulars on the title holders. As such it is a tedious task to locate the file and the requested title.
- Titles Office does not have any backups for its documents and records.
- numerous original titles were loosely kept in the file awaiting to be binded.
- on number of occasions it was noted that the law clerks from banks and the legal practitioners firm were inside the Titles Office handling the records.

Failure to review the fees and charges at regular intervals could result in Department providing services at below sustainable level.



Non computerisation and failure to utilise the funds provided for its intended purpose would further affect the service delivery of the Department. In addition failure to have adequate back up increases the risk of loss of records in case of natural disasters/fire.

### **Recommendations**

- The Department must ensure that the fees and charges of the Titles Office are reviewed at a regular interval in order to reflect the current cost of providing the services.
- The Department must make a concerted effort to computerise its documents and records as this would improve its service delivery.
- The photocopy register should be maintained adequately and daily reconciliations should be carried out between the photocopy register and the cashiers report to authenticate the daily cash takings.
- The Department must prepare its disaster recovery plan and carry out its back up accordingly.

### **Department Comments**

#### **Photocopy Register**

*Department agrees with the Audit report on their findings in relation to the above issue.*

*To justify the reasoning why the register was not maintained, I cannot over emphasize the demand from the members of the public and the shortfall of the human resources that is present in the office.*

*Though the photocopy register was not complied with as intended however it was not the intention of the office not to fill the register, it was just the nature of the work involving the officer that resulted in the register not being entered to reflect the photocopies done with cash collected on it.*

*The office has implemented strategy and reminded the officer to comply with the register with effect from today.*

#### **\$500,000.00 – Computerization of Titles Office**

*The completion of the first phase of computerization will be undertaken this year if everything materializes according to our work programme on capital project that was submitted to Ministry of Finance. A copy of our work programme is attached in Appendix 2.*

#### **Current TDRS System**

*There is not enough space to maintain all the records that we have and this has resulted in the issue raised in the audit report.*

*As of today (20/4/2012) file racks and registers have been moved to Civic Towers and by Monday all records can be properly and cordially maintained. Hopeful by then it will not be a tedious work to locate titles.*

#### **Titles Office does not have any backups for its documents and records**

*The only possible back-up would be computerization. The Department has taken concrete steps towards beginning this project this year.*

#### **Titles awaiting to be binded**

*This is a result on the lack of human resources within the office. There is currently only one bookbinder in the Department to bind all Titles Office, Registrar Generals & Companies Office records. The Department has asked PSC for more bookbinder positions and will keep asking until PSC agrees.*

**Law Clerks and Legal Practitioners inside the office holding records**

*Law clerks and legal practitioner are allowed inside the office to see respective official to discuss their query. They might be holding records but it is their own copy and they are not allowed to handle any other records.*

**Review of Fees & Charges**

*Review of fees & charges has started. This is also one of the key deliverables that the Department wants to achieve by the 2nd quarter, 2012.*

**Computerization**

*The need to computerize the office cannot be over emphasized. The office definitely needs computerized system that will assist members of the public and the load of backlog in the office.*

*As commented above if the funds allocated for these in 2011 is still available then it is prudent that preliminary work is undertaken to start off into the new era of work, however if the funds is not available then proper consultation is conducted to allow the office to be computerized.*

*Computerizing the system will definitely enhance the work in the office and at the same time take care of the backup system as highlighted by the auditors.*

## **DEPARTMENT OF PRISONS AND CORRECTIONS**

### **PART A: FINANCIAL STATEMENTS**

#### **14.13 Audit Opinion**

The audit of the 2011 accounts of the Fiji Corrections Service resulted in the issue of a qualified audit report. The issues qualified are as follow:

- Adequate records were not maintained for the Trade and Manufacturing Account (TMA). Variances between the Department and FMIS records were noted for Sales (\$69,819), Expenditure (\$76,003), Closing Stock (\$5,730) and Cash at Bank (\$22,296). Therefore audit was not able to substantiate the balances of these accounts reflected in the Trade and Manufacturing Account.
- Details were not provided for TMA Equity and Liabilities of \$299,033 and \$18,632 respectively as reflected in the TMA Balance Sheet. These amounts were disclosed to balance the TMA Balance Sheet.
- A variance of \$7,933 existed in the Prisoners Cash Trust Fund Account between the Department records and the FMIS record. As a result the audit was not able to ascertain that all receipts and payments had been accurately accounted and disclosed in the Trust Fund Account.

#### **14.14 Statement of Receipts and Expenditure**

The Department collected total revenue totalling \$69,949 and incurred total expenditure of \$16,689,220 in 2011. Refer to Table 14.9 for details.

**Table 14.9: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
State Revenue	41,858	98,340
Agency Revenue	28,091	1,199
<b>TOTAL REVENUE</b>	<b>69,949</b>	<b>99,539</b>
<b>EXPENDITURE</b>		
<b>Operating</b>		
Established Staff	10,324,517	9,856,667
Government Wage Earner	30,223	84,949
Travel and Communications	373,576	300,737
Maintenance and Operations	1,544,306	857,872
Purchase of Goods and Services	2,255,963	1,732,313
Operating Grants and Transfers	13,299	12,295
Special Expenditures	295,409	196,035
<b>Total Operating Expenditure</b>	<b>14,837,293</b>	<b>13,040,868</b>
<b>Capital Expenditure</b>		
Construction	1,057,406	1,618,183
Purchase	0	149,704
<b>Total Capital Expenditure</b>	<b>1,057,406</b>	<b>1,767,887</b>
Value Added Tax	794,521	649,518
<b>TOTAL EXPENDITURE</b>	<b>16,689,220</b>	<b>15,458,273</b>

The Departments total revenue decreased by \$29,590 or 30% in 2011 compared to 2010 due to all Prison Industries revenues previously reflected as state revenue being deposited to the Trading and Manufacturing Account and clearance of stale cheques.

Total expenditure increased by \$1,230,947 or 8% in 2011 compared to 2010. This was due to the launch of the Yellow Ribbon Project in the North, Central and Western Division, introduction of the Cadet Training Programme, increase in remand prisoners at the various correction centres, increase in the ration and stores expenditures resulting from general price increase, and increase in cost of electricity, fuel & oil and vehicle maintenance.

### 14.15 Appropriation Statement

The Department incurred expenditure totalling \$16,689,220 against the budget of \$17,440,941 resulting in a savings of \$751,721. Details of expenditures against the budget estimates are provided in Table 14.10.

**Table 14.10: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Change (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry- Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	9,711,196	747,820	10,459,016	10,324,517	0	134,499
2	Government Wage Earner	28,319	9,104	37,423	30,223	0	7,200
3	Travel & Communications	312,140	71,916	384,056	373,576	0	10,480
4	Maintenance & Operations	991,904	569,398	1,561,302	1,544,306	0	16,996

SEG	Item	Budget Estimate (\$)	Change (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
5	Purchase of Goods & Services	1,756,182	558,875	2,315,057	2,255,963	0	59,094
6	Operating Grants & Transfers	13,400	0	13,400	13,299	0	101
7	Special Expenditures	200,000	95,655	295,655	295,409	0	246
	<b>Total Operating Expenditure</b>	<b>13,013,141</b>	<b>2,052,768</b>	<b>15,065,909</b>	<b>14,837,293</b>	<b>0</b>	<b>228,616</b>
	<b>Capital Expenditure</b>						
8	Construction	4,925,000	(3,572,768)	1,352,232	1,057,406	0	294,826
	<b>Total Capital Expenditure</b>	<b>4,925,000</b>	<b>(3,572,768)</b>	<b>1,352,232</b>	<b>1,057,406</b>	<b>0</b>	<b>294,826</b>
13	Value Added Tax	1,227,800	(205,000)	1,022,800	794,521	0	228,279
	<b>TOTAL EXPENDITURE</b>	<b>19,165,941</b>	<b>(1,725,000)</b>	<b>17,440,941</b>	<b>16,689,220</b>	<b>0</b>	<b>751,721</b>

In 2011, the Cabinet approved the redeployment of \$1,725,000 from Fiji Corrections Service budget to other Ministries and Departments.

#### 14.16 Statement of Losses

The Fiji Corrections Service did not report any loss of money or revenue during the financial year ending 31/12/11. However a loss of a digital camera (\$284) was recorded on 31/05/11. The matter was reported to the Police.

### PART B: AUDIT FINDINGS

#### 14.17 Prisoners Cash Trust Fund Account

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.<sup>20</sup>

The receipt and payment of trust money must be recorded in a separate cashbook or set of ledger accounts.<sup>21</sup>

Our audit of the Prisoners Cash Trust fund account records noted the following anomalies:

- No reconciliation was prepared by the Department for the year 2011.
- Stale cheques amounting to \$6,001.27 dating back to 11/07/09 were still appearing in the Department's reconciliation.
- Prisoner Cash Trust Fund balance was previously reflected under the Operating Trust Fund account. In 2011 a separate Main Trust fund allocation was created for this Trust account. Instead of making individual postings, a single bulk posting of \$28,011.24 (payments) and \$103,024.36 (receipts) was reflected in the FMIS for 2011.
- Outstanding lodgements of \$253.75 were continuously reflected throughout the year and remained uncleared with the bank.

<sup>20</sup> Finance Instructions 2010 – Section 58 (3)

<sup>21</sup> Finance Instructions 2010 – Section 58 (2)

- Unexplained variance of \$7,932.60 exists in this Trust Fund Account between the Departments records and the FMIS balance. Refer Table 14.11 below for details:

**Table 14.11: Variance between Departments and FMIS Records**

Departments Bank Reconciliations Balance (\$)	FMIS (General Ledger) Bank Balance (\$)	Variance (\$)
67,080.40	75,013.00	7,932.60

- The cashbook for payments records was updated till August 2011 whilst no record of the receipts was maintained in 2011.
- Variances were noted in the lodgements records between the bank statement and the Departments bank reconciliation. Refer Table 14.12 below for details.

**Table 14.12: Variance of Receipts between Department Records and Bank Statement**

Month	Department (\$)	Bank Statement (\$)	Variance (\$)
January	2,048.37	Missing	2,048.37
February	1,371.16	Missing	1,371.16
March	1,361.58	Missing	1,361.58
April	8,390.28	8,928.40	(538.12)
May	552.04	549.65	2.39
June	6,589.36	6,586.70	2.66
July	806.15	803.25	2.90
August	1,332.95	1,803.55	(470.60)
September	7,366.47	7,394.40	(27.93)
October	2,696.25	2,837.40	(141.15)
November	22,042.76	24,805.35	(2,762.59)
December	2,697.97	10,439.00	(7,741.03)
<b>Total</b>	<b>57,255.34</b>	<b>64,147.70</b>	<b>(6,892.36)</b>

In the absence of adequate record and reconciliation the audit could not validate the accuracy of the balances reflected in the FMIS general ledger.

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

### **Recommendations**

- The Department should ensure that the Trust Fund Account is reconciled with FMIS on a monthly basis and any variance noted is adjusted accordingly.
- The Department should maintain accurate and up to date cash book records.
- Supervisory checks in the Accounts Section should be strengthened and improved.

### **Department's Comments**

*No comments received*

**14.18 Anomalies noted in Trading and Manufacturing Account**

The annual profit and loss statements and balance sheet for each current financial year just ended must be prepared and submitted to the Auditor-General in a form suitable for audit and inclusion in the agency's annual report.<sup>22</sup>

Our audit of the Trading and Manufacturing Account noted the following variances and anomalies:

- A variance of \$76,003 existed in the total expenditure between the general ledger (FMIS) and Department's record. Refer Table 14.13 below for details:

**Table 14.13: Variance in Expenditure Between FMIS and Departments Record**

Cash Book Balance (\$)	FMIS Balance (\$)	Variance (\$)
737,010.41	661,007.38	76,003.03

- A variance of \$5,730 existed in the finished goods and raw materials between the stock take certificates provided by the Department and the general ledger (FMIS) balance. Refer Table 14.14 below for details.

**Table 14.14: Stock Variance Noted Between FMIS and Departments Record**

Stock Certificate Balance (\$)	FMIS Balance (\$)	Variance (\$)
246,823.84	241,093.77	5,730.07

- A variance of \$69,818.97 existed in sales between the general ledger (FMIS) and the Department cash book balance. Refer Table 14.15 below for details.

**Table 14.15: Variance in Sales Noted Between FMIS and Departments Record**

Department Balance (\$)	FMIS Balance (\$)	Variance (\$)
701,700.23	631,881.26	69,818.97

- An amount of \$18,631.78 was journalized in December to TMA Liability natural account (86000) as Deposit, Deduction and Retention Money (Vat on revenue) by the Department. However, the audit was unable to substantiate the amount as no record was provided during the audit by the Department.
- The audit could not substantiate the TMA Equity natural accounts (940300 & 940400) appearing as TMA surplus capital returned to consolidated fund and TMA Accumulated surplus/deficit totalling \$299,033.
- A variance of \$22,295.54 existed in bank balance between the Department record and the general ledger (FMIS) balance. Refer Table 14.16 below for details.

<sup>22</sup> Finance Instruction 2010, pp 15

**Table 14.16: Variance in Bank balance Between FMIS and Departments Record**

Cash Book Balance (\$)	FMIS Balance (\$)	Variance (\$)
97,244.37	74,948.83	22,295.54

In the absence of adequate record and reconciliation the audit could not validate the accuracy of the figures reflected in the FMIS (general ledger) for Trading and Manufacturing Account (TMA).

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

### **Recommendations**

- The Department should ensure that the Trade and Manufacturing Account records are reconciled with FMIS on a monthly basis and any variance noted is adjusted accordingly.
- The Department should maintain accurate and up to date cash book records.
- Supervisory checks in the Accounts Section should be strengthened and improved.

### **Department's Comments**

*No comments received*

## **14.19 Overpayment of Salary**

Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personnel emoluments or deductions such as appointments, promotions, transfers, acting allowances, dismissals and resignations, income tax allowances, housing deductions, or other authorized charges or deductions.<sup>23</sup> Where it becomes necessary to hold, cease or reverse an employee's salary, the Accounts Officer or Assistant Accounts Officer must immediately advise the Ministry of Finance in writing.<sup>24</sup>

Officers who have been confirmed to a permanent establishment must, if they wish to resign, give not less than 30 consecutive days notice of their intention in order that other arrangements may be made for the filling of their posts. Unless approved by the Commission, an Officer who resigns without giving 30 consecutive days notice may be required to pay 30 days salary in lieu of notice.<sup>25</sup>

Our audit noted that the following officers who were discharged from the service continued to receive their salaries after the effective date of discharge. Refer Table 14.17 for details.

**Table 14.17: Details of Overpaid Salaries**

EDP No.	Name of Officer	Date Discharged	Reason for Discharge	Date Salary Ceased	Overpayment (\$)
71486	Netani Bolatolu	08/04/11	Resignation	22/04/11	1,478.04
71429	Josefa Matau	19/08/11	Resignation	26/08/11	248.80

<sup>23</sup> Finance Instruction 2010 – Section 17 (1)

<sup>24</sup> Finance Manual 2011 – Section 4.9.1

<sup>25</sup> General Orders 2011 – Section 214 (a)

EDP No.	Name of Officer	Date Discharged	Reason for Discharge	Date Salary Ceased	Overpayment (\$)
70896	Josateki Sauvou	14/11/11	Resignation	02/12/11	1,156.70
70966	Samuela Cagievuevu	06/01/11	Termination	14/01/11	238.86
71249	Lee Chang	13/12/11	Discharged	16/12/11	124.40
70968	Eroni Segasegakece	13/12/11	Discharged	16/12/11	106.16
71014	Basilio Labaibure	13/12/11	Discharged	16/12/11	137.28
70548	Atunaisa Rokovesu	05/12/10	Termination	16/12/10	437.76
<b>Total Overpayment</b>					<b>3,928.00</b>

In addition, it was noted that TRPOC Seremaia Burotu failed to give 30 days notice upon resignation instead he resigned from service with immediate effect on 08/07/11. The Officer made the arrangement with the Department on 07/07/11 to compensate for the short notice amounting to \$812.52 once he gets settled in France however, as at the date of audit (30/06/12), the amount of \$812.52 was still outstanding.

Lack of communication between Administration Section and the Accounts Section has resulted in the above salary overpayments. Had the salary advice being submitted to the Ministry of Finance earlier, the overpayments would have been avoided.

### **Recommendations**

- **The Department should make concerted effort to recover the salary overpayments from the Officer's concerned. Where recovery is not possible, the Department should investigate the cause of the overpayment and take appropriate action.**
- **The Department should ensure that an effective and efficient communication process is in place with the Administration and Accounts Section for immediate or prompt action in regards to cessation of salary upon resignation, termination or retirement.**

### **Department's Comments**

*The FCS fully concurs with the audit findings.*

- *In the case of Mr. Bolatolu and Mr Savou, the openings from abroad came very quickly and they had to leave the Service, a few days after they tendered in their resignation. Since these openings offered great opportunities for them and their families, the FCS did not want to stand in the way of such lucrative future. As a consequence, the internal administrative arrangement did not pick up and process the approval until past the due date for salaries loading, resulting in their salaries being again paid to them.*

*The two gentlemen left for overseas almost immediately and attempts were made to recover this from their outstanding leaves. As we do not have their forwarding addresses, it has been difficult to recover these from them.*

- *For the rest who were discharged or terminated, the stop pay notice was issued after the deadline for pay loading had passed. As such their salaries went directly to their bank accounts. As these people are without jobs or being terminated, it has been difficult to try and get them to reimburse these overpayments.*
- *In the case of TRPOC Seremaia Burotu, the FCS concedes that it was lax in its attitude towards the recovery. However, we have notified the guarantor of his debt, who has made contact with Mr. Burotu for settlement. Failure could see the FCS taking much harsher stand through the Immigration Department to ensure the recovery.*
- *The delay was not in the late notification of the MOF by the FCS but rather that most of the termination decisions were made after the closing date for loading the salaries.*



*However, we submit our own slackness in this area and would implement the recommendations of the Audit Team.*

## **14.20 Anomalies noted In Payment Process**

A local purchase order shall be issued when procuring any goods, services or works from an organization within Fiji, unless a contract or agreement has been entered into.<sup>26</sup> The Accounts Officer or Assistant Accounts Officer must not certify a payment as correct unless they are satisfied that it is in accordance with an LPO, indent, contract, invoice or other authorization.<sup>27</sup>

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.<sup>28</sup>

Competitive quotes, instead of public tenders, may be called for procurements below \$30,000.<sup>29</sup>

The audit of payment records noted the following anomalies:

- Procurements were made without the issue of a Local Purchase Order;
- Local Purchase Order was prepared after invoices were received. Refer to *Appendix 14A.1* for details;
- Competitive quotation(s) were not obtained while procuring goods and services. Refer to *Appendix 14A.2* for details;
- ITC approval for the purchase of IT equipments & applications (software) was not obtained; and
- Particulars such as expenditure allocation, cheque details and authorised officer's endorsement were missing on the payment vouchers.

The above indicates laxity on part of the Department in administering the procurement procedure and policies while procuring goods and services. This could result in uneconomical procurements; procurement made without authority and allows room for corrupt practices. Failure to obtain the ITC approval could result in procurement of low performing equipments and applications.

### **Recommendations**

**The Department should ensure that:**

- **A local purchase order is issued when procuring any goods, services or works from an organization within Fiji.**
- **No payment(s) are processed without thoroughly vetting the Finance Instruction requirements to allow transparency in the procurement process.**
- **Competitive quotes are obtained to allow cost comparison for an economical procurement.**
- **Payment vouchers details are adequately filled for future references.**
- **ITC approval must be sought for the procurements relating to IT equipments and applications (software).**

<sup>26</sup> Finance Manual 2011 – Section 2.5.1

<sup>27</sup> Finance Manual 2011 – Section 2.8.4 (i)

<sup>28</sup> Finance Manual 2011 Part 2: Expenditure

<sup>29</sup> Finance Manual 2011 – Section 2.3.2

### **Department's Comments**

*The shortfalls highlighted by the Audit team are fully supported.*

- *Close adherence to financial requirements has been a major failure within the FCS. The past prevailing culture of complacency with little care for documentation had thrived within for some time.*
- *The lack of planning capability within the FCS has given rise to the frequent procurement of goods and services as an emergency situation, particularly when the stores have run-out.*
- *However, once the goods are obtained there is no urgency nor the care to sort out the necessary documentation for settlement of such bills.*
- *Remedial action has been put in place with strict instructions that individuals procuring goods without the official LPO's will be surcharged for the total purchases.*
- *Further the staff shortage within our Accounting cadre in the year has led to a lot of mistakes and incomplete processes.*
- *ITC approval for specified brands was used on all our Computer Appliances and software.*

### **Further OAG Comment**

**Audit verification with the ITC revealed that all departments and ministries should not regard general brand recommendation by the ITC as the blanket approval. The ITC approval is required for all the IT equipments and software prior to the procurement.**

## **14.21 Anomalies Noted in Labasa TMA Operation**

All agencies that operate a trading and manufacturing activity must prepare a business plan for the activity each year. The business plan should include the following minimum information:

- (a) an analysis of the market it operates in;
- (b) the profit target for the year and the next two years;
- (c) strategies for achieving the profit target;
- (d) the risks relating to the activity;
- (e) any social obligations required by Government which impact on profitability; and
- (f) projected profit and loss statements for the year in question and the following two years.<sup>30</sup>

A poultry farm is being operated from within the Vaturekuka Prison complex in Labasa.

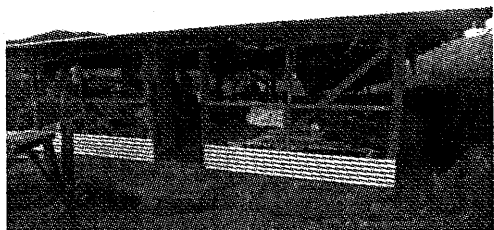
The Pacific Consulting Agency built the shed and is responsible for buying the chicks and providing the chicken feed.

Our audit noted that there was no agreement made between the Department and Pacific Consulting Agency. According to the Officer In-Charge, Mr Penisoni Tuapati, a verbal agreement was made between Department/Pacific Consulting Agency for the labour to be provided by the prisoners with the profit to be shared between the Department and the company on a 40/60 profit ratio.

As at the date of audit (15/06/12), no money (profit) has been remitted to the Department by the company. In addition, no acquittal report was submitted by the company to the Department. Refer to the pictures below showing the work done by the prisoners.

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<sup>30</sup> Finance Instructions 2010 – Section 29 (1)



In absence of a written contractual agreement, it would be difficult to enforce the rights and interest of the Department if necessitated.

### **Recommendation**

**The Department must ensure that the proper agreements are entered with the Pacific Consulting Agency prior to continuing further engagement. This would protect the interest of the Department.**

### **Department's Comments**

- *The poultry project in Labasa was part of a trial training programme by the Pacific Centre for Counselling and Social Services providing an income generating option for inmates on their release.*
- *When the MOF approved the operation of the TMA within the FCS, the poultry project was transferred to this but with little support and training offered to our Labasa staff.*
- *Further, the proposed MOA with PCFSS has not been organized as the rationale for the establishment of the trial project and the TMA were not compatible.*
- *We fully agree with the Audit findings and will move to agree on a design of the project which would make this TMA friendly thereby ensuring its operation under that banner.*
- *Further, a business plan will be developed before our embarking on any TMA programme setting out all the necessary parameters.*

**APPENDICES****DEPARTMENT OF JUSTICE****Appendix 14.1: Sample of Pending Business Cases**

<b>File # / Year</b>	<b>Company Name</b>	<b>Amount Owed to Official Receiver (Estimated) (\$)</b>	<b>Amount Owed to Creditors (\$)</b>
012/2005	Forum Apprel Ltd	1,083.13	9,784.78
029/2005	Auto Direct Equipment Ltd	516.35	3,789.75
063/2005	Haesung International Ltd	455.76	3,251.20
077/2005	Golf Seafood (Fiji) Ltd	7,467.06	146,768.05
008/2006	Rupert Company Ltd	7,982.08	157,879.63
036/2006	Mid West Markets Ltd	1,674.18	18,469.33
046/2006	House Gardens & Patio's Ltd	216.75	1,345.00
084/2006	Draidrai Enterprise Ltd	2058.09	26,235.21
095/2006	The Tile Experts Ltd	488.93	3,546.04
109/2006	Bay Side (South Pacific) Ltd	6,957.48	135,110.51
006/2007	Mid West Garments Ltd	336.98	2,195.36
035/2007	Sani-Tronics Systems (Fiji) Ltd	2,068.62	26,469.33
037/2007	Tago (Fiji) Ltd	1,080.42	9,754.62
070/2007	All Pro Auto Spares Ltd	284.22	1,794.78
090/2007	Continental Constructions Ltd	469.24	3,371.00
014/2008	Assemble Communications Ltd	556.80	4,149.39
033/2008	Delana Carpet & Furnishing Ltd	6,886.00	133,855.55
051/2008	Barkat Trading Co Ltd	752.99	6,116.51
052/2008	Structured Solutions & Procurement	1,030.23	9,197.00
098/2008	Rabi Fishing Company Ltd	23,984.46	513,488.05
010/2009	Franklin Design Ltd	2,182.02	28,989.37
040/2009	United Landowners Company Ltd	1,304.91	12,998.62
042/2009	Ango Motors Ltd	1,509.51	16,029.84
049/2009	Uvea Trading (Fiji) Ltd	3,327.31	54,440.25
051/2009	Vanua Designs Ltd	10,662.73	216,560.72
<b>Total</b>		<b>85,336.25</b>	<b>1,545,589.89</b>

**Appendix 14.2: Sample of Pending Individual Cases**

File # / Year	Person Name	Amount Owed to Official Receiver (Estimated) (\$)	Amount Owed to Creditors (\$)	Claims By
210/2004	Vinesh Kumar Singh	3,852.60	66,113.20	Carpenters Fiji Ltd (CFL)
007/2004	Solomone Lagilagi	1,781.45	20,087.75	ANZ
089/2005	Byeong Rak Kwon	1,401.78	14,433.71	Merchant Bank
002/2005	Akuila Mata	206.64	1,257.56	ANZ
008/2005	Elemaca Ravulo	540.00	4,000.00	ANZ
104/2006	Manhar Lal	32,593.79	704,806.43	FDB/CCFL/Other Creditors
001/2006	Ramila Wati Prasad	1,514.90	16,109.58	ANZ
002/2006	Noa Tauvakalagi	399.87	2,754.38	FDB
005/2006	Jale Osisaga	4,880.19	88,948.51	FDB/Vodafone/Other Creditors
004/2007	Tui Saukuru	725.71	5,813.45	CFL/ANZ
004/2007	Shanmogam Goundar	1,484.80	15,663.75	Deoji/Shanti Lal Brothers
002/2007	Yogesh Narayan	675.23	5,252.53	ANZ
001/2007	Ishwar Lal	546.00	4,053.36	ANZ
003/2008	Nishal Abinesh	728.73	5,847.05	ANZ
062/2008	Jone Draunibaka	1,275.99	12,570.26	Colonial National Bank (CNB)
088/2008	Shaizal Shayneed Ali	1,679.15	18,542.93	ANZ
053/2008	Daveena Sudhakar	1,193.71	11,351.30	ANZ
005/2009	Mohammed Fareed	702.46	5,555.13	ANZ/FDB
202/2009	Siteri Vueti	292.02	1,846.84	CFL
062/2009	Sabra Bibi	321.69	2,059.40	CFL
157/2009	Jai Prasad	349.35	2,305.27	CFL
085/2010	Momeen Ali	239.08	1,493.88	CFL
119/2010	Rajend Goundar	267.09	1,680.62	CFL
111/2011	Duane Matson Underwood	15,881.14	333,414.23	ANZ
008/2011	Manasa Bulaisoloa	1,541.38	16,501.97	ANZ
017/2011	Ratu Lepani Tagicakibau	1,184.87	11,220.27	ANZ
036/2011	Shabnum Bibi	1,051.53	9,433.62	(CCFL)
<b>Total</b>		<b>77,311.15</b>	<b>1,383,116.98</b>	

**DEPARTMENT OF PRISONS AND CORRECTIONS****Appendix 14.3: Anomalies noted in Procurement Procedures**

Date	Cheque No.	Vendor	Particulars	Amount (\$)	Remarks
18/02/11	624683	Air Pacific Fiji Limited	Air Passage for Commissioner Prison Northern Visit.	1,450.67	No duplicate LPO attached
23/02/11	624740	Asco Motors	Labour, Misc & Parts for GN743	1,479.65	Both original & duplicate LPO attached with the payment voucher.
15/04/11	625499	Asco Motors	Repair of GN 757	5,130.44	No LPO attached
18/04/11	625534	BOC Fiji Ltd	Gas welding commander kit and gases	2,154.33	Both original & duplicate LPO attached the payment voucher.
18/05/11	626046	Joals Auto Spares	Engine overhaul – GN 341	1,264.35	No duplicate LPO attached
24/06/11	626788	Maja Upholstery Works Ltd	Tarpaulin for trucks	1,056.52	No duplicate LPO attached
02/06/11	626342	Carpenters Motors	Payment for repair for GN 645	2,052.52	No duplicate LPO attached
24/08/11	627754	Office 2000+ Ltd	182 E-Studio photocopier for Chaplain	2,222.83	Both original & duplicate LPO attached with the payment voucher.
02/09/11	627793	Post Fiji	Quick dial Sept 2011	186.00	No duplicate LPO attached
06/09/11	627853	Air Pacific Fiji Ltd	Air freight for DCS to Singapore	1,879.30	No duplicate LPO attached
16/09/11	628015	Modern Investment	Payment for progress claim (women's training faculty)	24,048.52	Both original & duplicate LPO attached with the payment voucher. LPO raised after the invoice was issued.
15/09/11	627991	Asco Motors	Total labour & parts for GN744	604.39	Both original & duplicate LPO attached with the payment voucher. LPO not signed by the authorised officer.
21/09/11	628099	Asco Motors	Replace of front brake pad	386.26	Both original & duplicate LPO attached with the payment voucher.
04/10/11	628246	Pan Pacific Tours	Payment for travel (COMCOR) to Japan	4,694.56	Both original & duplicate LPO attached with the payment voucher.
05/10/11	628258	Vishnu Holdings	Payment for the transportation for Yellow Ribbon Program launching.	1,017.46	No duplicate LPO attached
28/10/11	628525	Taylor's Tropical Builders	Payment for relocation progressive claim at Taveuni Correction Services	16,901.30	Both original & duplicate LPO attached with the payment voucher.
05/10/11	628259	Datec (Fiji) Ltd	Payment for specification sign off requirements	41,043.48	Both original & duplicate LPO attached with the payment voucher.
14/10/11	628367	Houng Lee Kabu Jacob	Part design and documentation – new remand centre.	160,000.00	Both original & duplicate LPO attached with the payment voucher.

Date	Cheque No.	Vendor	Particulars	Amount (\$)	Remarks
14/11/11	628689	Consort Shipping	Sea passage for ORC team	430.44	No duplicate LPO attached
20/11/11	629318	Clariti (South Pacific) Ltd	Purchase of desktop computers for the YRP unit	1,734.90	No duplicate LPO attached
07/11/11	628629	Modern Investment	Payment for construction of training faculty.	16,821.04	Both original & duplicate LPO attached with the payment voucher.
09/11/11	628651	Houng Lee Kaba Jacob	Second progressive claim – new remand center.	130,000.00	Both original & duplicate LPO attached with the payment voucher.
07/12/11	629038	Post Fiji	Recharge cards DEC 2011	2,021.74	No duplicate LPO attached
28/12/11	629580	Asco Motors	Wielded spring for GN 865	955.30	No duplicate LPO attached
02/12/11	628979	Carpenters Hardware	TH34 Kawasaki 2HP 33.3CC B/cutter	5,439.13	Both original & duplicate LPO attached with the payment voucher.
28/12/11	629581	Carpenters Hardware	Purchase of 12 Kawasaki brush cutter	8,337.39	No duplicate LPO attached
20/12/11	629317	Carpenters Hardware	Repair of Naboro Quarters	357.50	No duplicate LPO attached
20/12/11	629327	Office Products	Purchase of Projector for YRP unit	1,821.86	No duplicate LPO attached
29/12/11	629708	Vinod Patel	Payment for purchase of furniture	8,104.36	No duplicate LPO attached
20/12/11	629623	Taylor's Tropical Builders	Payment for relocation of Taveuni Prison	23,478.26	Both original & duplicate LPO attached the payment voucher. LPO raised after the invoice was issued
12/12/11	629095	Modern Earthworks	Earthworks- Training Faculty.	46,542.42	Both original & duplicate LPO attached with the payment voucher. LPO raised after the invoice was issued.
05/12/11	629001	RJS Breakers (Fiji) Ltd	Payment for polo t-shirts in micromesh	2,173.91	Both original & duplicate LPO attached with the payment voucher.
28/12/11	629580	Asco Motors	Being Payment for the repair of lease vehicle GN752.	20,476.11	No LPO issued.
28/12/11	629581	Carpenters Hardware	Being payment for the purchase of 12 Kawaski brushcutter	9,588.00	- No LPO issued. - No Competitive Quote attached.
28/12/11	629582	Datec Fiji Ltd	Being payment for the purchase of File Server/Application Server/Kaspersky Business Space Security (Layer 2).	34,966.99	- No LPO issued. - No Competitive Quote attached for file/application server. - No ITC approval obtained.
28/12/11	629583	Divisional Engineer Central/Eastern	Being payment for the installation of single phase KWHR meter for Korovou/Naboro/Levuka prison and staff quarters.	87,506.07	- No LPO issued - No competitive quote obtained.

Date	Cheque No.	Vendor	Particulars	Amount (\$)	Remarks
			Also for electrical upgrading transmission cables and 3 phase installation at Naboro Prison Piggery Farm.		
28/12/11	629585	Fiji Gas	Being payment for the purchase of gas stoves for the Suva Correction Center and Naboro Mess Hall.	18,214.00	No LPO issued.
28/12/11	629587	Hardware Plus	Being payment for the purchase of building materials for the maintenance of staff quarters.	13,447.41	No LPO issued.
28/12/11	629592	Payless Shoes	Being payment for the purchase of free step sandals.	6,000.00	- No LPO issued. - No competitive quote obtained.
28/12/11	629594	Rayrock Logistic	Being payment for supply and installation of outdoor SO4 motor driven siren at Maximum Prison/ Labasa Prison/Lautoka Prison.	23,029.60	- No LPO issued. - No competitive quote obtained.
28/12/11	629595	RC Manubhai	Being payment for the purchase of building materials for the maintenance of the staff quarters.	12,363.84	No LPO issued.
29/12/11	629643	City Auto Trimmers	Being payment for the purchase of tents.	11,305.00	No LPO issued.
29/12/11	629647	Elcom	Being payment for the purchase of handsets and base set equipments for all institutions.	51,342.00	No LPO issued.
29/12/11	629654	Office Products	Being purchase of office equipments and chairs for the institutions.	14,665.00	No LPO issued
29/12/11	629657	Rotomould	Being purchase of the water tanks.	3,300.00	No LPO issued.
29/12/11	629699	Clarity South Pacific	Being purchase of the Hp probook, hard disk drive with carry case and optical mouse.	4,294.00	- No LPO issued. - No competitive quote attached - No ITC approval obtained.
29/12/11	629702	Datec Fiji Ltd	Being payment for the procurement of printers (mono mfp and colour).	22,264.00	- No LPO issued. - No competitive quote attached - No ITC approval obtained.
29/12/11	629703	Office Products	Being payment for the purchase of the office equipments.	14,560.50	No LPO issued.
29/12/11	629705	Clarity South Pacific	Being purchase of hp computer sets.	96,805.00	- No LPO issued. - No competitive quote attached - No ITC approval obtained.
29/12/11	629706	Golden Dragon	Being purchase of the sound	12,580.00	No LPO issued.



Date	Cheque No.	Vendor	Particulars	Amount (\$)	Remarks
			system.		
30/12/11	629743	Clarity South Pacific	Being purchase of hp computer sets.	18,867.00	- No LPO issued. - No competitive quote attached - No ITC approval obtained.
30/12/11	629744	Court Home Center	Being payment for the purchase of the office equipments.	3,998.00	No LPO issued.
30/12/11	629745	Datec Fiji Ltd	Being purchase of the CCTV software application	17,700.00	- No LPO issued. - No competitive quote attached - No ITC approval obtained.
30/12/11	629812	Mass Stationery	Being payment for the purchase of stationeries for all institutions.	13,550.00	No LPO issued.

**Appendix 14.4: Competitive quotes not obtained.**

Date	Payment Voucher No.	Cheque No.	Vendor	Particulars	Amount (\$)	Remarks
14/01/11	46935	624173	Mass Stationery	Procurement of stationeries for the institutions.	2,542.92	No quotations attached
11/02/11	47694	624581	GMR Mohammed	Maintenance of quarters 39A	3,097.03	No competitive quotes obtained
10/03/11	47953	624972	Blackwood Holdings	Purchase of brush cutters	6,939.13	No quotation attached
23/03/11	48642	625146	Samabula Auto Traders	Plumbing material.	1,560.28	No competitive quotes obtained
24/03/11	48521	625162	Protech Fiji Ltd	400W MH fitting C/W tube	1,526.09	No competitive quotes obtained
01/04/11	48924	625291	Lumber Processors	Coil x 100mtrs light wire	169.56	No quotations attached
18/04/11	49335	625534	BOC Fiji Ltd	Gas welding commander kit and gases	2,154.33	No competitive quotes obtained
20/05/11	50219	626070	Extreme Stationery	Purchase of stationeries	2,799.80	No quotation attached
03/05/11	49492	625766	Carpenters Hardware	TH48 Kawasaki brush cutter	8,608.69	No quotation attached
01/06/11	50599	626303	Crown Imports	Radial tyres for GN 742	1,008.69	No quotations attached
29/08/11	53229	627805	Frincos Hire Fiji	Payment for flooring, marquee and stage costs	3,196.00	No competitive quotes obtained
24/08/11	53137	627837	Frincos Hire Fiji	Payment for hiring of ply boards for 2 marquees	2,086.96	No competitive quotes obtained
24/08/11	53149	627754	Office 200+ Ltd	182 E-Studio photocopier for Chaplain	2,222.83	No competitive quotes obtained
08/08/11	52406	627433	Kimono Sales	Purchase of associated materials	812.00	No quotations attached
16/08/11	52825	627551	Mass Stationery	Payment for steel filing cabinet	5,808.70	No quotations attached
19/08/11	52829	627604	Copier Marketing	Kyocera Tasklafa 4500i photocopier	13,384.00	No quotations attached
05/09/11	53234	627812	Office Product	Dell 1410 x Projector – Conference.	1,521.74	No competitive quotes obtained
04/10/11	54059	628246	Pan Pacific Tours	Payment for travel (COMCOR) to Japan	4,694.56	No competitive quotes obtained
05/10/11	54069	628258	Vishnu Holdings	Hiring of the transportation for Yellow Ribbon awareness.	1,017.46	No competitive quotes obtained
19/10/11	54453	628446	Taraivini Silivale	Payment for materials – Suva Prison	5,743.85	No quotations attached
11/10/11	54180	628309	Datec (Fiji) Ltd	HP PRO 6000 SFF desktop + war	1,738.26	No competitive quotes obtained
24/11/11	55040	628864	Dahia Shoes	Procurement of the safety shoes size 7 – 12.	1,130.43	No quotations attached
02/12/11	55571	628979	Carpenters Hardware	TH34 Kawasaki 2HP 33.3CC brush cutter	5,439.13	No competitive quotes obtained
29/12/11	56974	629708	Vinod Patel	Payment for purchase of office furniture	8,104.36	No competitive quotes obtained
08/12/11	55800	629186	R C Manubhai	Materials for Women Prison	766.66	No quotations attached
15/12/11	55755	629186	R C Manubhai	L3353 level automatic kit & board	1,351.26	No quotations attached
29/12/11	56935	629697	Vinod Patel	Building materials for	1,772.84	No quotations attached

Date	Payment Voucher No.	Cheque No.	Vendor	Particulars	Amount (\$)	Remarks
				Suva Remand Centre		

## Section 15 Ministry of Information, National Archives and Library Services

### Roles and Responsibilities

#### Information and Media Relations

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

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

#### National Archives

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

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## PART A: FINANCIAL STATEMENT

### 15.1 Audit Opinion

The audit of the 2011 accounts of the Ministry of Information, National Archives and Library Services has resulted in the issue of an unqualified audit report.

## 15.2 Statement of Receipts and Expenditure

The Ministry of Information, National Archives & Library Services collected total revenue of \$13,462 and incurred total expenditure of \$3,547,855 in 2011.

**Table 15.1: Statement of Receipts and Expenditure for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Library fines	2,958	1,901
<b>Total State Revenue</b>	<b>2,958</b>	<b>1,901</b>
<b>Agency Revenue</b>		
Revenue from Sale of Production Film	2,640	2,574
Miscellaneous	7,864	35,783
<b>Total Agency Revenue</b>	<b>10,504</b>	<b>38,357</b>
<b>TOTAL REVENUE</b>	<b>13,462</b>	<b>40,258</b>
<b>EXPENDITURE</b>		
<b>Operating Costs</b>		
Established Staff	1,585,667	1,487,077
Government Wage Earners	232,670	183,702
Travel & Communications	173,077	151,278
Maintenance & Operations	265,537	207,405
Purchase of Goods & Services	879,220	962,972
Operating Grants & Transfers	16,293	16,626
Special Expenditures	173,463	205,680
<b>Total Operating Expenditure</b>	<b>3,325,927</b>	<b>3,214,740</b>
<b>Capital Expenditure</b>		
Capital Construction	0	0
Capital Purchase	0	0
Capital Grants and Transfers	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>
Value Added Tax	221,928	190,819
<b>TOTAL EXPENDITURE</b>	<b>3,547,855</b>	<b>3,405,559</b>

Total expenditure increased by \$142,296 or 4% in 2011 compared to 2010. This was mainly due to the filling up of various established vacant posts, recruitment of a driver and appointment of four temporary staffs in places of staffs that were promoted, out on study leave, suspended or had resigned.

## 15.3 Appropriation Statement

The Ministry incurred expenditures totalling \$3,547,855 in 2011 against the budget of \$3,998,335 resulting in a savings of \$450,480 or 11%.

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

**Table 15.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry- Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	1,723,795	0	1,723,795	1,585,667	0	138,128
2	Government Wage Earners	238,537	0	238,537	232,670	0	5,867

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry-Over (\$)	Lapsed Appropriation (\$)
3	Travel & Communications	169,700	25,980	195,680	173,077	0	22,603
4	Maintenance & Operations	223,607	63,680	287,287	265,537	0	21,750
5	Purchase of Goods & Services	1,067,000	(10,550)	1,056,450	879,220	0	177,230
6	Operating Grants & Transfers	18,695	0	18,695	16,293	0	2,402
7	Special Expenditures	293,800	(79,110)	214,690	173,463	0	41,227
	<b>Total Operating Costs</b>	<b>3,735,134</b>	<b>0</b>	<b>3,735,134</b>	<b>3,325,927</b>	<b>0</b>	<b>409,207</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	0	0	0	0	0	0
9	Capital Purchase	0	0	0	0	0	0
10	Capital Grants & Transfers	0	0	0	0	0	0
	<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
13	Value Added Tax	263,201	0	263,201	221,928	0	41,273
	<b>Total Expenditure</b>	<b>3,998,335</b>	<b>0</b>	<b>3,998,335</b>	<b>3,547,855</b>	<b>0</b>	<b>450,480</b>

## PART B: AUDIT FINDINGS

### 15.4 Overdrawn Operating Trust Fund Account

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation must be signed by the responsible officer. Unreconciled items must be investigated and resolved promptly.<sup>1</sup>

The audit noted that seven Operating Trust Fund Accounts of the Ministry were overdrawn (debit balances) as at 31/12/11. Refer Table 15.3 below for details.

**Table 15.3: Overdrawn Operating Trust Fund Accounts**

Account	Description	Overdrawn Amount 2011 (\$)
1 – 16101 – 16999 – 861101	202 PD OPR current year	40.00
1 – 16101 – 16999 – 861209	249 PD Marsh & MacLennan (HTH/P)	166.45
1 – 16101 – 16999 – 861299	XXX PD Others	79.26
1 – 16101 – 16999 – 861309	388 PD PSC Scholarship Loan	41.87
1 – 16101 – 16101 – 861525	315 PD Service Worker Credit Union	145.00
1 – 16101 – 16999 – 861901	201 PD Tax Arrears/PAYE	2,998.87
1 – 16101 – 16999 – 861920	501 PD Employee FNPF	262,389.39

The overdrawing of Trust Funds may have resulted from incorrect journal entries passed to these accounts or through mispostings.

The overdrawn Trust funds more or less are tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

<sup>1</sup> Finance Instructions 2010 – Section 58 (3)

**Recommendations**

- The Ministry must ensure that Trust Funds are not overdrawn at any time.
- The Ministry must investigate these overdrawn Trust Funds and take appropriate action.
- The Ministry should reconcile the Trust Fund accounts with the general ledger (FMIS).
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

**Ministry's Comments**

The overdrawn accounts were due to mispostings of charges from one cost center to another because each vendor has an account with all cost centers in the Ministry. For instance, CMLA has three accounts under the Trust Fund. One account was opened for HQ, a separate one for National Archives and another for Library Services. Some of these mispostings have been outstanding from 2006.

To rectify this in 2011, the Ministry managed to:

- Reconcile and made the necessary adjustments through JVs;
- Centralize all transactions under each vendor i.e. open one account only per vendor;
- Closed extra accounts to minimise or avoid further mispostings.

This exercise is to continue in 2012.

**15.5 Long Outstanding Balances in RFA**

Travelling advances must be recouped within 7 days of the completion of travel by submission of a voucher with documents to support the claim.<sup>[1]</sup> Where a travelling advance has not been fully expended, it must be repaid to the agency within 7 days of the completion of travel.<sup>[2]</sup> Where a travelling advance is not cleared within 7 working days of the completion of travel, recovery must be made from the concerned officer's salary within 6 fortnights.<sup>[3]</sup>

The audit noted that seven Revolving Fund Advance accounts of the Ministry have carried forward balances from prior years indicating that no attempts had been made by the Ministry in order to reconcile and clear them. Refer to Table 15.4 below for details.

**Table 15.4: Long Outstanding Revolving Fund Advance Account not cleared**

Account	Brought Forward balance (\$)	Current Year's Advances (\$)	Total Advances (\$)	Remarks
1 - 16101 - 16101 - 560203	3,047.64	0.00	3,047.64	Balance brought forward from 2007
1 - 16101 - 16101 - 570301	(6,015.17)	(6,586.64)	(12,601.81)	Balance brought forward from 2009
1 - 16101 - 16999 - 560302	4,256.00	(68.94)	4,187.06	Balance brought forward from 2006
1 - 16101 - 16999 - 570101	180.00	0.00	180.00	Balance brought forward from 2009
1 - 16101 - 16999 - 570301	17,331.12	(350.00)	16,981.12	Balance brought forward from 2010
1 - 16101 - 74999 - 570101	0.00	2,916.42	2,916.42	Balance brought forward from 2007
1 - 16101 - 74999 - 570301	(10,167.17)	0.00	(10,167.17)	Balance brought forward from 2009
<b>Total</b>	<b>8,632.42</b>	<b>(4,089.16)</b>	<b>4,543.26</b>	

<sup>[1]</sup> Finance Instructions 2010 - Section 44 (3)

<sup>[2]</sup> Finance Instructions 2010 - Section 44 (4)

<sup>[3]</sup> Finance Instructions 2010 - Section 44 (5)

Table 15.4 above shows that two accounts has credit balances, signifying incorrect/misposting by the Ministry. It also indicates lack of proper reconciliations and inadequate supervisory checks performed by responsible officers.

As a result, the RFA amount stated in the financial statements may not be fairly stated.

### **Recommendations**

- The Ministry should ensure that the Advance accounts do not have credit balances. Any abnormal balances must be investigated and appropriate actions taken.
- The Ministry should also maintain a manual register of advances given to staff which should be reconciled to the general ledger (FMIS).
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.
- The Ministry should ensure that monthly reconciliations are carried out properly and accurately.

### **Ministry's Comments**

*For the 2011 accounts, all outstanding advances were cleared except for a credit balance of \$350. This advance was cleared twice via JV161188 and AP1453. A JV will be raised to reverse entry via JV161188.*

*However, abnormal balances reported were brought forward from yester years which the Ministry will continue to make extra effort on clearing.*

## **15.6 Loss of Recorder**

Officers responsible for managing assets, revenue collection or cash shall immediately prepare a loss report whenever a loss is incurred.<sup>2</sup> The loss report shall outline the nature of the loss, circumstances leading to it and recovery measures taken. This initial loss report must be brought to the attention of the *Senior Accountant* who is responsible for recommending further action to be taken.<sup>3</sup>

In addition, any loss arising from theft or fraud shall be reported immediately to the Police. A copy of the report should also be provided to the Public Service Commission, Ministry of Finance & Auditor General.<sup>4</sup>

The *Senior Accountant* shall initiate an internal investigation when any loss over the value of \$50 occurs or if fraud or theft is suspected. An officer not connected with the area in which the loss occurred shall conduct the investigation.<sup>5</sup>

The audit noted that an official recorder worth \$1,105.16 has been missing. The Recorder was under the custody of Mr. Solomone Lewanavanua, a Senior Information Assistant.

A memorandum (dated 11/05/11) was issued to the Officer indicating that surcharge action will be taken. No further action was taken against the officer and no police report was prepared indicating that the matter was not reported.

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<sup>2</sup> Ministry's Finance Manual 2011 – Section 13.1.1

<sup>3</sup> Ministry's Finance Manual 2011 – Section 13.1.2

<sup>4</sup> Ministry's Finance Manual 2011 – Section 13.1.3

<sup>5</sup> Ministry's Finance Manual 2011 – Section 13.1.4



Failure to report the matter to the relevant authorities could result in Ministry not able to instigate surcharges and recover the cost of recorder from the responsible officer.

### **Recommendations**

- **The Ministry should ensure that all appropriate loss reports are submitted to the relevant authorities to instigate surcharge and recovery action against the responsible Officer.**
- **Section 13.1 of the Finance Manual 2011 should be strictly complied with.**

### **Ministry's Comments**

*Management acknowledges the findings and the recommendations highlighted in the Audit report for 2011. Please note that a loss report was prepared and submitted together with 2011 Board of Survey report to Ministry of Finance on 12/04/12. Hence, we are currently waiting for further instructions from the Surcharge office (Ministry of Finance). In view of the surcharge against the officer, the Ministry of Information is taking necessary actions to ensure that the amount of \$1,015.16 is recovered from the respective officer's salary.*

*The Ministry has also taken prudent measures to ensure that it complies with section 13.1 of the Finance manual 2011 in future.*

## **15.7 Back Up of Archives Deposit**

Subject to any general or special directions which may be given to the Archivist by the Minister, he may by contract or bequest or in any like manner acquire for the Archives Office all such original documents, manuscripts and other documentary materials, or copies or replicas thereof, other than public records, as he may deem necessary or desirable to secure and all such materials shall be deemed to be public records of Fiji for the purpose of this Act.<sup>6</sup>

The Ministry has been sending the back up version of the deposits captured in micro films to England. However, as of last year, the back up versions of the deposits together with the originals have been retained and stored at the National Archives Office.

The audit noted that in cases of fire, break-ins or natural disaster, the original and back up of archives deposits can be destroyed as there are no off-site back up maintained.

Without a back up and during a natural disaster/fire, the contents of all the useful and historic records will be lost which may not be made available to anyone.

This issue was highlighted in the previous audit report; however no action has been taken by the Ministry.

### **Recommendation**

**The Ministry should consider moving the back up version of the deposits captured in micro films to a secure "off-site" location.**

### **Ministry's Comments**

*Management acknowledges the findings and the recommendations highlighted in the Audit report for 2011 and hope that the following explanation will resolve this matter to everyone's satisfaction. The National Archives of Fiji (NAF) had a former arrangement with Bell and Howell Limited of London England who provided microfilm*

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<sup>6</sup> Laws of Fiji, Public Records, Chapter 108, Section 4 (d)

*duplicating services and retained “back-up” copies of our microfilm on their premises. This company has since been absorbed by another entity and the previous arrangement is no longer standing. In addition, NAF has since acquired the ability to create its own duplicate copies on premises which has resulted in a net savings for the Government.*

*As the National Archives it must be noted that we are the final destination of Fiji’s permanent records. We are the offsite storage for many government agencies. If we were to make a submission for offsite storage the question would then be asked “then what do you do?”*

*A more comprehensive solution is to enable NAF to have the relevant staffing levels (as also pointed out in your audit of Records Management in 2011) to digitize the entire holdings of NAF (all Fiji’s records need to be secure not just the microfilmed records). This would give us the ability to then house that data on a “private cloud” (internal network system) with an organization that provides Data warehousing services (like ITC). This would “spread the risk” without creating the impression of duplication which would arise from requests for “secondary storage” while simultaneously building capacity, and increasing the accessibility (where appropriate) of these records as directed by legislation.*

*NAF hopes to use the PSC review exercise currently underway to address its long standing staffing issues which will allow us to then act on the strategy explained above. We are encouraged by your interest in this matter, but to reiterate all our records need to be secure not just those on microfilm.*



## Section 16

# Ministry of Strategic Planning, National Development and Statistics

### Roles and Responsibilities

The Ministry comprises of National Planning Office (NPO) and the Fiji Bureau of Statistics (FBOS). The National Planning Office co-ordinates and monitors all development efforts and formulates and monitors the implementation of the National Development Plan and Strategies. It provides policy advice on macroeconomic, sectoral and human resource issues, undertakes economic aggregate forecasting, formulates the Public Sector Investment Programmes, coordinates Government reform agenda, coordinates manpower planning particularly in the identification of priority areas, chairs and provides secretariat service to the Development Sub Committee and other government committees.

The major roles of FBOS are to collect, compile, abstract and publish statistical information relating to the commercial, industrial, agricultural, social, economic and general activities and conditions of the people of Fiji in a timely and coherent manner. The Department organises a coordinated scheme of the social and economic statistics relating to Fiji, and conduct a Census of the population of Fiji and Household surveys as required. FBOS collaborates with government departments and other agencies in the collection, abstraction, analysis and publication of statistical records.

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## PART A: FINANCIAL STATEMENTS

### 16.1 Audit Opinion

The audit of the 2011 accounts of the Ministry of Strategic Planning, National Development and Statistic resulted in the issue of an unqualified audit report.

### 16.2 Statement of Receipts and Expenditure

The Ministry incurred a total expenditure of \$6,138,430 in 2011.

**Table 16.1: Statement of Receipts and Expenditure in 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
Operating Revenue	30	22,312
Investing Revenue	20	86
<b>Total State Revenue</b>	<b>50</b>	<b>22,398</b>
<b>Agency Revenue</b>		
Board Member	24,300	25,634
Miscellaneous Revenue	1,609	6,338
Sales of Publications	10,126	2,647
<b>Total Agency Revenue</b>	<b>36,035</b>	<b>34,619</b>
<b>TOTAL REVENUE</b>	<b>36,085</b>	<b>57,017</b>
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established staff	2,421,645	2,378,328
Government Wage Earners	106,192	101,379
Travel & communication	182,455	193,716
Maintenance & Operations	314,688	253,187
Purchase of goods & services	71,584	132,171
Operating grants & transfers	8,856	10,048
Special expenditures	1,657,175	2,226,796
<b>Total Operating Costs</b>	<b>4,762,595</b>	<b>5,295,625</b>
<b>Capital Expenditure</b>		
Capital Grants & Transfers	1,000,000	980,200
<b>Total Capital Expenditure</b>	<b>1,000,000</b>	<b>980,200</b>
Value Added Tax	375,835	358,105
<b>TOTAL EXPENDITURES</b>	<b>6,138,430</b>	<b>6,633,930</b>

### 16.3 Appropriation Statement

The Ministry incurred expenditures totalling \$6,138,430 in 2011 against the revised budget of \$8,598,037 resulting in a savings of \$2,459,607 or 28.6%.

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

**Table 16.2: Appropriation Statement for 2011 – Head 4**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,327,350	-14,613	3,312,737	2,421,645	---	891,092
2	Unestablished Staff	103,531	14,613	118,144	106,192	---	11,952
3	Travel & Communication	191,800	12,000	203,800	182,455	---	21,345
4	Maintenance & Operations	280,400	53,752	334,152	314,688	---	19,464
5	Purchase of Goods & Services	115,781	-15,752	100,029	71,584	---	28,445
6	Operating Grants & Transfers	20,000	-10,000	10,000	8,856	---	1,144
7	Special Expenditure	3,113,075	-40,000	3,073,075	1,657,175	---	1,415,900
	<b>Total Operating Costs</b>	<b>7,151,937</b>	<b>---</b>	<b>7,151,937</b>	<b>4,762,595</b>	<b>---</b>	<b>2,389,342</b>
	<b>Capital Expenditure</b>						
10	Capital Grants and Transfers	1,000,000	---	1,000,000	1,000,000	---	---
	<b>Total Capital Expenditure</b>	<b>1,000,000</b>	<b>---</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>---</b>	<b>---</b>
13	Value Added Tax	446,100	---	446,100	375,835	---	70,265
	<b>TOTAL EXPENDITURE</b>	<b>8,598,037</b>	<b>---</b>	<b>8,598,037</b>	<b>6,138,430</b>	<b>---</b>	<b>2,459,607</b>

There was no redeployment of funds in 2011.

## NATIONAL PLANNING OFFICE

### 16.4 Payroll Expenditure

#### 16.4.1 Officers with Accumulating Leave Contrary to General Order 705

Permanent Secretaries and Heads of Departments shall maintain leave rosters in respect of their staff so that leave may be granted with minimum disruption to the Services provided.<sup>1</sup>

Officers may be allowed to carry over up to a maximum of 10 working days leave entitlement from one leave year to the next<sup>2</sup>. Circular issued during January 2012 where Public Service Commission was concerned with increasing tendency of officers accumulating and not utilizing their annual leave<sup>3</sup>.

Liabilities represent the amounts the agency owes and becomes payable in the future. It is important to be fully aware of commitments and the resources that will be required to settle these obligations in the future. Funds need to be appropriately managed to enable liabilities to be paid on time.<sup>4</sup>

The audit noted that \$28,047 is being accrued in leave. Refer to table 16.3 for details:

**Table 16.3: Accrued Annual Leave And Amount Payable**

Staff Name	EDP No	Posting	Annual Salary (\$)	Leave Accrued (Days)	Years of Leave Accrued	Amount Payable (\$)
Kemueli N	55679	Acting Chief Economic Planning Officer	35,466	49.5	2 years	6,752
Earnest W	60109	Acting Chief Economic Planning Officer	35,466	46.0	2 years	6,274
Jale R	58291	Acting Chief Economic Planning Officer	35,466	30.0	1 year	4,092
Michael A	41705	Acting Principal Administrative Officer	26,063	35.0	1 year	3,508
Luke K	67294	Acting Chief Economic Planning Officer	35,466	54.4	2 and Half Years	7,421
		<b>Total</b>				<b>28,047</b>

<sup>1</sup> General Order 2011 Edition Section 724

<sup>2</sup> General Order 705(c)

<sup>3</sup> PSC Circular 05/2012 dated 18/1/2012

<sup>4</sup> Finance Manual, Part 13

Despite the issue being raised over the years, the Ministry failed to prudently manage leave since leaves are accruing from over two years. In addition, a total of \$29,018 was compensated to leave owed to staff upon their resignation during the year 2011 and as such does have an impact on the Ministry's budgetary allocations.

**Table 16.4: Leave Compensation Paid**

Staff Name	EDP No.	Posting	Date Resigned	Annual Leave Accrued	Long Service Leave	Amount Paid (\$)
Sakiusa Tubuna	49573	Chief Economic Planning Officer	30/04/2011	112	56	20,862
Shiu Raj Singh	61297	Chief Economic Planning Officer	16/01/2011	30.5	30.0	7,512
Chaya P. Chand	64882	Senior Economic Planning Officer	20/08/2011	9	---	644
<b>Total Payable for Leave Accrued</b>						<b>29,018</b>

Furthermore, the Ministry does not prepare monthly annual leave returns to monitor the level of leaves dues. This could be one of the reasons for the substantial accumulated leave over the years.

Non-monitoring of leaves over the years could have substantial impact on the Ministry's financial budget and its productivity should officers leave the service. Also, carrying of such substantial leave is a financial burden of the Ministry.

### **Recommendation**

**The Ministry should ensure that officers with substantial leave balances do have leave rosters drawn up while there are minimum work disruptions and at the same time those substantial leave liability being leave owed to staff could be reduced.**

**The Ministry should comply with General Order and Public Service Commission circular requirement on effective leave administration.**

### **Ministry's Comments**

*Whenever possible, we encourage staff to take staggered leave. However, Strategic Planning Office being a central agency and being secretariat to many communities, it becomes difficult for officers to take leave in due time. We will try to comply with GO and PSC circular regarding effective leave management.*

### **16.4.2 Substantial Compensation of Leave**

Officers may be allowed to carry over up to a maximum of ten working days leave entitlement from one leave year to the next. Annual leave shall normally be taken when due. The Permanent Secretary or Head of Department shall ensure scheduling of leave to avoid bulging of leave entitlements at any time of the year. This will be done by leave entitlements being assessed and taken on becoming due in accordance with General Orders 700 (b).<sup>5</sup>

This will be done by leave entitlements being assessed and taken on becoming due in accordance with General Orders 700 (b).<sup>6</sup>

The audit noted that a Mr. Sakiusa Tubuna was transferred from the Ministry of Agriculture to the Ministry of Strategic Planning and National Development on 02/03/09 with an outstanding leave of 91 days.

<sup>5</sup> General Order 2011, Section 705 (c)(d)

<sup>6</sup> General Order 2011, Section 705 (c)(d)

The Public Service Commission (PSC) approved the compensation of 86 days of annual leave through its memorandum dated 13/05/2011 in respect of Mr. Tubuna [EDP No 49573] who has resigned from public service.

In addition, the officer's total number of leave accrued amounted to 101 days however, PSC only approved 86 days be compensated for this resignation owing to annual leave due. Refer to table 16.5 for details:

**Table 16.5: Leave Compensation Made**

Leave Year	Accumulated Leave Brought Forward	Excess Leave Carried Forward
29/1/90 - 28/1/91	Tour of Leave Begins	
29/1/94 - 28/1/95	59.5	28.5
29/1/95 - 28/1/96	61.5	30.5
29/1/96 - 28/1/97	50.0	19
29/1/97 - 28/1/98	55.0	24
29/1/98 - 28/1/99	57.0	26
29/1/99 - 28/1/00	22.75	-8.25
29/1/00 - 28/1/01	43.75	12.75
29/1/01 - 28/1/02	64.75	33.75
29/1/02 - 28/1/03	68.75	37.75
29/1/03 - 28/1/04	88.75	57.75
29/1/04 - 28/1/05	79.5	48.5
29/1/05 - 28/1/06	92	61
29/1/06 - 28/1/07	109	78
29/1/07 - 28/1/08	99	68
29/1/08 - 28/1/09	113	82
29/1/09 - 28/1/10	108.5	77.5
29/1/10 - 28/1/11	104.5	73.5
29/1/11 - 28/1/12	118.5	87.5

The Ministry failed to ensure that the leave was utilized by the officer when he was transferred to the Ministry and it accumulated to 118.5 days, an increase by 27.5 days. Thus, upon the officer's resignation, a total of \$20,861 was compensated in annual and long service leave to the officer as outlined below:

**Table 16.6: Leave Compensation – Sakiusa Tubuna**

Description	Days	Amount (\$)
Annual Leave	86	13,907
Long service Leave	56	6,954
<b>Total</b>	<b>142</b>	<b>20,861</b>

The issue of prudent leave management has been highlighted in the previous audit reports and the likely consequence as above.



**Recommendation**

The Ministry should:

- Strictly adhere to the General Orders 705 (c)(d) for the carryover of 10 working days of Annual Leave and the prudent management of leave;
- Prepare leave rosters for officers to take leave with minimum disruption to work such as rotating officers to less critical areas so that leave can be taken, leave period to be compulsory towards the close of the year;
- Prepare monthly leave returns to monitor officers with large outstanding leave balances and for management attention.

**Ministry's Comments**

*Mr Sakiusa Tubuna, being a Chief Economic Planning officer was posted to our Ministry by Public Service Commission with an outstanding leave of 91 days. Upon assumption of duties with our Ministry, he headed our Human Resources Planning division and could not proceed on leave. However, he did take some staggered leave whenever possible. Upon his resignation he had only 101 days leave to his credit an increase of 10 days while being in our Ministry. As for long service leave, the onus is on the officer to take it. In this circumstance, we had to payout to Mr Sakiusa Tubuna his annual and long service leave upon resignation.*

*We will try to be compliant with General Orders wherever possible.*

**16.4.3 Long Service Leave Compensation without the Approval of PSC**

Long service leave shall normally be taken together with an Officer's annual leave due on completion of the Officer's leave year. But in exceptional cases or in case of retirement it may be granted before the end of the Officer's leave year. Long service leave should be regarded as non-leave earning for annual leave purposes.<sup>7</sup>

Audit noted that the Public Service Commission (PSC) in its memorandum dated 11<sup>th</sup> January, 2011 approved the compensation of 30.5 days of annual leave in respect of Chief Economic Planning Officer, Shiu Raj Singh.

However the Ministry, despite the clear instruction by the Commission for the compensation of 30.5 days of annual leave only, compensated the officer for both the 30 days of Long Service Leave (LSL) and annual leave totaling \$7,152.<sup>8</sup> Refer to table 16.7 for details:

**Table 16.7: Leave Compensation – Shiu Raj Singh**

Description	Days	Amount (\$)
Annual Leave	30.5	3,787
Long service Leave	30.0	3,725
Total Compensation	60.5	7,512
Less Salary Overpayment Recovery	12.0	1,490
Total Paid	48.5	6,022

Satisfactory explanation could not be provided for allowing payment not authorized by the Commission. Hence, the compensation payment of \$3,725 is an unauthorized expenditure.

<sup>7</sup> General Order 2011, Section 706(b)

<sup>8</sup> Refer to Cheque No. 17884 dated 14/01/2011 of \$7,512

**Recommendation**

- The Ministry should ensure that any leave compensation payments have prior approval of the Public Service Commission.
- Disciplinary action should be initiated against the responsible officers authorizing the payments for not complying with Public Service Commission approval.

**Ministry's Comments**

*Approval has been obtained from Public Service Commission for the payment of leave compensation to the officer concerned. Indication was also there in the resignation acceptance letter by PSC when he was thanked for his 12 years of dedicated service. We will ensure that in future all such compensation is properly obtained. Out of the 30 days long service leave; only 18 days long service leave was compensated to the officer as the other 12 days was absorbed into the short notice of resignation.*

**16.4.4 Non-monitoring of Late Arrivals**

Office hours shall be prescribed from time to time by Permanent Secretaries and Heads of Departments with the consent of the Public Service Commission but the entire time of Public Officers is at the disposal of Government. It is at the discretion of Permanent Secretaries and Heads of Departments to require the attendance of all or any member of their staff for such additional period as they may from time to time consider necessary.<sup>9</sup>

Any absence from duty occasioned by late arrival to or early departure from work except in respect of sickness shall be deducted from an Officer's salary if the accumulated absence in one month equals or exceeds one hour.<sup>10</sup>

Audit noted that late arrival at work at the Ministry is a norm. On average, an officer arrives to work at least one hour late every month. Refer to Appendix 16.1 for examples of Officers who arrived late to work.

According to the Ministry, they are aware of this and due to the nature of their work, officers usually work late and allowed to come in late. However, audit was not facilitated with exemptions provided by Public Service Commission.

In addition, the Ministry does not prepare the late arrival returns to monitor excessive late arrivals where there could be instances of abuse of the practice.

This above findings indicates blatant disregard of the Public Service Commission (PSC) regulations on attendance as outlined in the General Order and the ignorance of these regulations is not good practices as outlined in the PSC code of conduct and PSC values.

**Recommendation****The Ministry should:**

- deduct from the Officer's salary if the accumulated absence in one month equals or exceeds one hour as outlined in General Order 302;
- Prepare monthly late arrival returns for monitoring purpose and ensure that salary deductions are instigated in accordance to the General Orders.

<sup>9</sup> General Order 2010, Section 301

<sup>10</sup> General Order 2011 Edition Section 302 Part B Subsection II

**Ministry's Comments**

*Our Permanent Secretary has discussed this with our officers and officers from the Auditor General's Office about late arrivals of our officers after 8.00am. Due to the nature of work officers came in late whereby General Orders only looks at the aspect of coming late early in the morning. There is no recognition, rewards or incentive provided in the General Orders for officers who work late in weekdays and in the weekends. It is for these reason late arrivals are not monitored.*

*We will try to ensure that monthly late arrival returns are made for monitoring purposes.*

**Further OAG Comments**

The Office understands the nature of the work being undertaken by the Ministry, but the General Order requirement are applicable to all Public Officers including Temporary Officers and Officers serving on Contract or Agreement and has to be complied with.

**16.5 Non Payroll Expenditure****16.5.1 Excessive Travel Advances Issued on Fully Funded Overseas Trips**

Travelling advances shall only be approved for an amount up to the estimated value of the official entitlement.<sup>11</sup>

The 20% per diem rate to be provided for incidentals when the duty travel is funded by host country or external agency is only applicable in instances when accommodation and meals only are provided by the host country or external agency. In the event, the donors provide for allowances to cover for meals, accommodation and incidentals, this 20% are then not payable. The revised per diem/daily subsistence allowance for overseas travel is tabulated below<sup>12</sup>

Aspect of Per diem	Old Rates	New Provision
PS' Per diem entitlement	10% top up on UN rates	Remain at 10% top up
Fully funded trip (all expenses paid) from external sources	Nothing Payable	Nothing Payable
Partially funded trips (accommodation and meals provided by host country or external agency)	Nothing Payable	20% per diem rate for incidentals
Host country or external agency pays for accommodation only	20% of the per diem rate	Percentage as per UN rates for meals and incidentals
Inclusion of foreign services	Yes	Yes
Departure tax, official telephone and in country travel expenses	Unclear	On actual and reimbursable basis upon production of receipts

Scrutiny of the National Planning Office travel advance register for 2011 revealed the following anomalies:

- The Ministry of National Planning allowed the payment of the per diem allowances/travel advances to officers travelling overseas to attend trainings, workshops, seminars, regional forums and technical workshops even though these trips were fully funded by the host country or external agencies contrary to PSC Circular 33/2010. Refer to Appendix 16.2 for details.

<sup>11</sup> Finance Instructions 2005- s6.5.1

<sup>12</sup> PSC Circular 33/2010

- Moreover, the per diem/travel advances paid was an estimated figure determined by the officers attending the fully funded trips. All requests for payments of advances were directed to the Principal Administration Officer (Mr. Michael Ali) for approval.
- The audit noted that officers tend to spent more than the amount initially issued as travel advances and were claiming for reimbursement of funds and receipts submitted to the Accounts section for the retirement of their travel advances which were not authentic. Refer to Appendix 16.2 for examples.

Discussions with the Principal Administration Officer revealed that the per diem and travel advances were issued based on humanitarian grounds to cover for incidentals expenses that may arise during their travel.

The above anomalies are a deliberate breach of standing government regulations as directed by the Public Service Commission to all the government ministries and departments to safeguard public funds from abuse and fraud.

### **Recommendations**

- **The Office should immediately cease the issue of per diem and travel advances to officers attending fully funded trips as required by PSC Circular 33/2010.**
- **The Office should recover from the officers salary the amount incurred by the respective officers during their travel as highlighted in Appendix 16.3 of this report.**
- **Surcharge action should be taken against the responsible officers for authorising these payments contrary to PSC Circular 33/2010.**

### **Ministry's comments:**

*Prior to responding to the individual cases as shown in your Audit query, we would like to submit the following explanations as to why we give travel advances to officers attending funded trips abroad.*

*While we totally agree, respect and abide by the Public Service Circular, however the rationale for granting advances to staff are for these reasons:*

- *On many occasions, staffs returned from abroad and complained of financial difficulties they faced when attending courses, seminars, workshops or conferences which were funded.*
- *In most cases, all funded overseas trips, participants are only given his/her allowance after two to three days after they had arrived into the host country.*
- *If advances are not given to staff, they will endure hardships in terms of accommodation and meals prior to receiving their allowance.*
- *All participants attending overseas official trips are required to submit their respective boarding passes, tickets and passports for verification and processing before allowances or per diems are released. This takes 3-4 days and sometimes it is reimbursed to them when they are back in the country.*
- *The current trend now adopted by the hotels abroad is that participants attending workshops or meetings must pay deposits for their rooms once given room keys even before per diems are paid to the respective participants.*
- *Apart from this, on a number of occasions, staffs baggages do not arrive on time and they have to wait 1-2 days for its arrival. This incurs extra expenditure on the participants in buying sundry item for use as well as clothes which on occasion are not even refundable. Most staff travel without insurance cover.*
- *While travelling, staff also had to spend more than 10 hours or longer in transit due to delays. All meals bought at the terminals incur extra expenditure which are not taken into account by the allowance or per diem.*
- *At times officers in transit spent more than 24 hours without any allowance or per diem being paid out to them. It must be highlighted that per diems are paid only for the number of nights you spent in the hotel and not the travelling time or the date an officer leaves the hotel.*

- *Our staffs have on occasions had to pay extra charges when they stay longer in hotels after the check out period which is normally between 10.00am – 11.00am. This is due to flight arrangements which mostly leave late in the evening. This result in more expenses which is paid by participants and are not covered even though the course is funded.*

*These are the reasons that we issue our staff Accountable Advances on funded trips. It should be noted that there are lot of factors involved when travelling abroad on official trips rather than just considering the actual period of the conference.*

### **16.5.2 Excessive Travel Advances Issued on Government Funded Overseas Trips**

The per diem or daily subsistence allowance payable at UN rates is meant to be sufficient for an officer's sustenance in terms of accommodation, meals and incidentals while on overseas duty travel.

The 20% per diem rate to be provided for incidentals when the duty travel is funded by host country or external agency is only applicable in instances when accommodation and meals only are provided by the host country or external agency.

In the event, the donors provide for allowances to cover for meals, accommodation and incidentals, this 20% are then not payable. The revised per diem/daily subsistence allowance for overseas travel is tabulated below<sup>13</sup>

Aspect of Per diem	Old Rates	New Provision
PS' Per diem entitlement	10% top up on UN rates	Remain at 10% top up
Fully funded trip (all expenses paid) from external sources	Nothing Payable	Nothing Payable
<b>Partially funded trips (accommodation and meals provided by host country or external agency)</b>	<b>Nothing Payable</b>	<b>20% per diem rate for incidentals</b>
Host country or external agency pays for accommodation only	20% of the per diem rate	Percentage as per UN rates for meals and incidentals
Inclusion of foreign services	Yes	Yes
Departure tax, official telephone and in country travel expenses	Unclear	On actual and reimbursable basis upon production of receipts

Review of the travel advances issued to officers attending overseas meetings and missions in 2011 revealed the following discrepancies.

- Despite standard per diem allowances being paid to officers while on overseas duty travel, it was noted that the National Planning Office issued additional travel advances to officers travelling overseas to cover for any other incidental expenses. Refer to Appendix 4 for details.
- Moreover, these travel advances issued was an estimated figure determined by the Principal Administration Officer.
- Moreover, audit noted that Mr. Kemueli Naiqama has a habit of partially retiring the full travel advances issued to him and the balance being recovered from his salary. The practise of not retiring the full advance issued is not a good precedent to junior officers of the Ministry. Failure to retire travel advances within 7 days upon return to the office is also a breach of the Finance Manual. Refer to Appendix 16.3.

The above anomalies are a clear violation of standing government regulations as directed by the Public Service Commission to all the government ministries and departments.

<sup>13</sup> PSC Circular 33/2010

Failure to abide by the set government rules and regulations increases risk of misappropriation and abuse of funds which also warrants serious disciplinary actions against the responsible officers.

### **Recommendations**

- **The Department should immediately cease the issue of travel advances to officers attending Government funded trips where per diem allowances are provided.**
- **The Department should recover from the officers' salary the amount of travel advances incurred by the respective officers during their travel as highlighted in Appendix 2 of this report.**

### **Ministry's comments:**

*Most of the officers who travel on official trips abroad are not paid 20% per diem for incidentals when per diems are paid to them on a particular funded trip.*

*The per diem paid to staff accounts for accommodation, meals and incidental expenses. However, it does not cover travelling, laundry and communications.*

*On occasions, the room rate is so high that we had to ask PSC for additional payment of per diem.*

*Due to the new taxes that are being levied by the hotels, this has brought about additional costs to participants which were not common before. This includes hotel charges service tax and turnover tax.*

*In view of the reasons above, we do not want our staffs to get stranded or face financial difficulties in foreign countries where they do not know anybody or the distance from the Fiji Embassy or High Commission is immense.*

*All of the claims by staff are supported by receipts.*

*Taking into account these reasons, we like to respond to the claims as shown in your Table III of the Audit Query.*

*Firstly on the assumption that the Permanent Secretary was given accountable advance when his travel was fully funded. We would like to clarify that the Permanent Secretary did not attend any courses, conferences or symposiums. In fact every year he attends the Annual General Meeting of the Asian Development Bank as a shareholder and also accompanies the Prime Minister.*

*Wherever the Prime Minister stays, he will have to stay in that respective hotel even though the charges for that hotel are extremely high.*

*At Annual Meetings, there are lots of bilateral meetings and high level discussions held. By convention, most countries hire meeting rooms to have their bilateral meetings. To save money, the Fijian delegation only meets in the hotel lobby, coffee centres or convention centre lounge room.*

*Since we call for a bilateral meeting because of the political need for re-engagement, we have to provide refreshments (coffee, tea, water) to those attending the bilateral meetings.*

*At times, light working lunches are arranged so that meetings can take place due to the limited time available to delegates from other countries.*

*Our officials including the Permanent Secretary also have to travel by taxis to meet other delegates in different hotels where they are staying for bilateral meetings.*

*All this incurs expenditure which are not covered by per diems, thus the reason accountable advances are given.*

*The second question raised on the Permanent Secretary is on the Investment Mission to China. There is no doubt that the per diem paid was to sustain himself during the trip.*

*As background information, the Investment Mission to China was sanctioned by the Prime Minister for our Permanent Secretary, Mr. Pita Wise to head the Fiji Investment Mission to China.*

*Since it is an Investment Mission, all expenses of the mission is to be paid by the government. The Permanent Secretary for Strategic Planning, Permanent Secretary for Finance and Acting Chief Economic Planning Officer (Macroeconomics) have to carry Accountable Advance to meet the costs of meetings.*

*On a number of occasions as previously explained, the hotel rate that was booked is much higher than the per diem. For the Investment Mission, when more than 10 investors are present in a session, the Fiji Delegation had to pay for the venue, morning tea, lunch and afternoon tea or dinner depending on the time of the meeting.*

*With regards to the excess luggage, each of the 8 member team was required to carry extra box (12kg) of project dossier. In addition, 3 boxes weighing 90kg of gift pack was provided by Tourism Fiji to be distributed to investors. Air Pacific agreed to waive the fees but Asian Airlines charge excess luggage charges. Receipts were provided for the charges.*

*We would like to highlight that the safety, security and wellbeing of our staffs attending official trips abroad is paramount to us.*

*As indicated, per diem does not cover all costs and that is why we give Accountable Advances to our Permanent Secretary as well as to our other staffs depending on the manner of the workshops or official trips.*

*We would also like to state that we have informed our staffs that there will be no more recovery of Accountable Advances from their salary and that they must retire the advance fully by cash upon return or with proper receipts.*

## **16.6 Discrepancies in Drawing Account**

The accounts supervisor shall prepare bank reconciliation within 5 days of the end of the month. Details of un-presented cheques and other reconciling items should be attached to the reconciliation statement. Once the bank reconciliation is prepared, it should be signed and dated by the accounts supervisor and submitted to the Accounting Head. The Accounting Head must verify balances in the bank reconciliation to the cashbook, bank statements, un-presented cheque list and the previous month's bank reconciliation before certifying it.<sup>14</sup>

If the cheques remain in the un-presented cheque list for more than 3 months, the Accounting Head must attempt to locate the payees and have their cheques presented before they become stale. The Accounting Head shall review the un-presented cheque list and determine whether a replacement cheque should be issued for cheques that are stale<sup>15</sup>

Stale cheques (those which are at least 6 months old) shall be reviewed each month to determine the need for a replacement cheque. Where a replacement cheque is not required, action should be taken to clear it.<sup>16</sup>

A variance of \$20,019 existed between the audited un-presented cheques (UPC) listing and the FMIS drawings general ledger balance of the National Planning Office as at 31/12/11. The audited un-presented cheque listing had a balance of \$157,599.58 whereas FMIS general ledger recorded \$137,580.58. Refer to the Table 16.8 below.

<sup>14</sup> Proforma Finance Manual 2011 – s7.4.8 – 7.4.11

<sup>15</sup> Proforma Finance Manual – s7.5.1

<sup>16</sup> Finance Instruction, Part 6, Division 1, 40.3, 2005

**Table 16.8: Drawing Account Balance**

Accounts	FMIS Balance (\$)	UPC Listing Balance (\$)	Variance (\$)
Drawings	137,580.58	157,599.58	20,019

Furthermore, review of the National Planning Office's monthly drawings reconciliation revealed the following discrepancies.

- The drawings account quarterly account maintenance and activity fees charged by the bank have not been taken into account or reflected in the Drawings Account Reconciliation for the months of March, June, September and December 2011.
- Stale cheques totalling \$29.34 have been cleared or adjusted from the December drawings account GL allocation (1-17101-63999-530301); however, these stale cheques have not been cleared from the Office's un-presented cheque listing as at 31 December 2011. Moreover, the un-presented cheque listing as per the cash board of survey report was incorrect as it also included the stale cheques already being cleared in the GL.
- Cheque numbers 17977 of 10/02/11 and 18429 of 04/04/11 worth \$200 and \$34 respectively have become stale as at 31/12/11, however, the Department failed to clear these stale cheques from the drawing GL allocation. This was adjusted by audit during the audit adjustment period in the Departments drawings GL allocation.
- Furthermore, unverified balance of \$9,775.50 in the Drawings Reconciliation could not be explained by the Office, thus questioning the accuracy of the reconciliation prepared and the Board of Survey.

The drawings account was not properly reconciled or checked and that any error or variance arising out of the reconciliation was not verified.

Failure to reconcile and verify drawings balances increases the risk of losses of public funds through theft and fraud.

#### **Recommendation:**

- **The Office should ensure that monthly drawings accounts reconciliations are accurate and variances noted are verified.**
- **The Accountant should take proactive actions and responsibility to rectify all variances while finalizing the year end bank reconciliation.**

#### **Ministry's Comments:**

*We are currently undertaking Drawings Reconciliation on a monthly basis and the variance of \$20,019 as shown on your Table 16.8 will be adjusted by FMIS. As for stale cheques totaling \$29.34, it has been cleared as advised by your Audit officers. The variance was adjusted online with the assistance of FMIS officer in December 2011, but this did not really hit the AP module and it continues to be reflected in our Drawings account. However, FMIS have indicated that they will clear it in the current financial year.*



## 16.7 Under Utilized Funds – IHRDP

One of the key roles of the Ministry of Strategic Planning office is coordinate the implementation of the Integrated Human Resource Development Program (IHRDP).<sup>17</sup> The program is concentrating its resources specifically on local economic development and use the Training for Rural Economic Empowerment (TREE) employment model to assist communities and villages at real grass root level in the economically depressed regions in Fiji.<sup>18</sup>

The Ministry of Strategic Planning was allocated a budget of \$1.5 million for the program. Moreover, the program had been under the responsibility of the Ministry from 2009.

The IHRDP has re-aligned itself in order to support the Integrated Rural Development Framework (IRDP) and hence re-organized from the current sector based approach into a new divisional focus with program staff based in the respective divisions. The new approach is to focus on bigger projects at Tikina level and the cluster of villages.<sup>19</sup>

The audit noted the following observations on the utilization of funds allocated for the year 2011 compared to the three years of the program with the Ministry. Refer to table 16.9 for details:

**Table 16.9: Expenditure Utilized Over the Period 2009 - 2011**

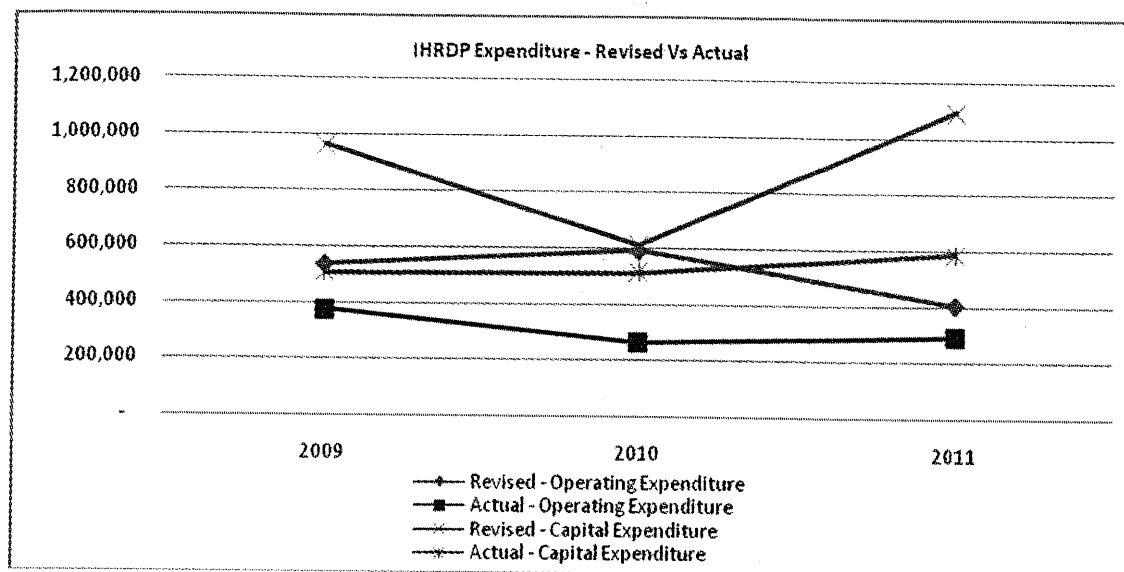
Year	Operating Expenditure (\$)			Capital Expenditure (\$)			Total (\$)			Operating / Total Revised (%)		Capital / Total Revised(%)	
	Revised	Actual	%age	Revised	Actual	%age	Revised	Actual	%age	Revised	Actual	Revised	Actual
2009	537,360	375,468	70	962,640	507,462	53	1,500,000	882,930	59	36	25	64	34
2010	591,201	263,308	45	611,215	513,979	84	1,202,416	777,287	65	49	22	51	43
2011	403,802	290,772	72	1,096,198	586,406	53	1,500,000	877,178	58	27	19	73	39
<b>Total</b>	<b>1,532,363</b>	<b>929,548</b>	<b>61</b>	<b>2,670,053</b>	<b>1,607,847</b>	<b>60</b>	<b>4,202,416</b>	<b>2,537,395</b>	<b>60</b>	<b>36</b>	<b>22</b>	<b>64</b>	<b>38</b>

- The Ministry over the last 3 years between 2009 to 2011; utilization rate of the IHRDP project was on an average of 60% and it fluctuated over the years. In addition, the trend for the funds utilized during the three year period showed that 2010 was the year in which most funds were utilized for the various IHRDP projects. Refer to Figure 16.1 for the trend information on the fund utilization as against the budgetary allocations.

<sup>17</sup> 2011 Appropriation Authority [Budget] statement, output No. 6

<sup>18</sup> IHRDP Annual Work Programme 2011

<sup>19</sup> IHRDP Annual Work Programme 2011

**Figure: 16.1 IHRDP – Revised Versus Actual Expenditure**

- The Ministry over-allocated funds for the operating expenditure – only 72% of the operating budget was utilized. The major component of the operating expenditures was for payroll expenditures.
- Capital (actual projects) expenditure in 2011 performed the weakest despite the highest budget allocation of \$1.1 million with an actual expenditure of \$586,406 or 53% of the revised capital budget.
- The Ministry was not able to determine the composition of the \$586,406 worth of projects as the Ministry did not reconcile the general ledger balances to the projects on the ground.
- Despite, the allocation of 73% of actual projects (capital) from the total IHRDP budget allocation, only 39% of the expenditure was in real capital projects which have decreased by 4% compared to 2010.

Overall, the program's ability to create employment through the actual projects has diminished, in that, the overall actual operating expenditure is 61% of the operating budget while the ability to implement capital projects is only 60% of the capital budget allocated.

Actual operating expenditure increased by 10% while the capital expenditure managed to only increase by 14% in year 2011 compared to year 2010.

The ability to utilize more funds in allocated operating expenditures (61%) than the allocated capital expenditure (60%) indicated that the Ministry is yet to achieve the primary objective of the program.

The above savings are a cost to Government where funds could have been diverted to other priority areas. Savings in budgets have a detrimental effect on Government borrowing where less could have been borrowed and hence it is an over allocation of funds for the program.

**Recommendation**

**The Ministry should carry out a review of its performance and determine which key performance indicators have been not been achieved and put in strategies to ensure that the project is successful.**

**Ministry's Comment**

*From this year (2012), we're conducting a review on a quarterly basis which will determine which projects are performing and which ones are not. We will ensure that the Divisional Managers do their monitoring and carry out visibility checks so that better indicators of projects and utilization of funds is prepared.*

**16.8 Non Submission of Report for Accountability of Funds**

The project activities of the IHRDP are as follows:

- IHRD101 – Consolidation, Implementation & Monitoring of Approved Grant Assistance Committee (GAC) and Training for Rural Economic Empowerment (TREE) site project initiatives - \$476,285;
- IHRD102 – Implementation, Management and monitoring of New GAC and TREE site projects - \$440,541
- IHRD103 – Implementation and Coordination of Community capacity building initiatives for Community Empowerment through Local Economic Development (LED) Approach - \$171,372 and
- IHRD 105 – IHRDP Program innovation, improvement and capacity building - \$8,000.

In addition, the Ministry's 2011 annual corporate plan has the following targets for the IHRDP:

- 90% of successful projects;
- 75% achievement of the Key Performance Indicators (KPIs);
- 60 project sites to be visited and
- 28 projects to be monitored<sup>20</sup>.

The following unsatisfactory features were noted:

- (i) While the Ministry maintained quarterly reports submitted by Divisional Managers, it did not maintain proper detailed records of the utilization of public funds for each project by divisions.
- (ii) The Financial Management Information System (FMIS) general ledger did not record expenditure incurred in accordance to the work plan and hence clouded audit trail to account for the expenditure incurred and recorded in accordance to the work plan allocations. Refer to Table 16.10 for examples of what was recorded in the system.

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<sup>20</sup> Ministry of Strategic Planning and National Development, 2011 Annual Corporate Plan, Page 15.

**Table 16.10 Project Coding In the General Ledger**

Account Number	Project Description in FMIS	Ministry Explanation	Revised Budget Expenditure (\$)	Actual Expenditure (\$)	Under Utilized / (Over utilized) (\$)
1-17101-63202-071393	Eco Services – Sup Project 3	New Projects	205,000	307,857	(102,857)
1-17101-63201-071394	Eco Services – Sup Project 4	Previous Year Projects	284,000	262,171	21,829
1-17101-63203-071394	Eco Services – Sup Project 4	New Projects	587,849	6,580	581,269
1-17101-63206-071394	Eco Services – Sup Project 4	Capacity Building of Staff	19,349	10,015	9,334

(iii) The achievement as provided by the Ministry for 2011 are as follows :

- Percentages of successfulness of projects to date - 85%(Annual Corporate Plan 2012);
- Percentages of achievement of Key Performance Indicators (KPIs) - 87% (Annual Corporate Plan 2012); and
- Number of projects monitored in 2011 - 20 Projects.

The Ministry however could not provide details of projects visits during 2011 and relevant records for audit to substantiate the above achievements.

### **Recommendation**

- **The Ministry in consultation with the Ministry of Finance should ensure that general ledger is kept in accordance to projects on the ground and provide details of the funds utilized in accordance to the 2011 IHRDP annual work plan.**
- **The Ministry's quarterly progress report should include the acquittal & expenditure report for the projects undertaken, the achievement of the IHRDP Annual Corporate Plan and an annual statement of acquittal prepared to account for the total funds utilized at the end of the year.**
- **The Ministry should ensure that records requested for audit are made readily available and to be supported with documents for verification purposes.**

### **Ministry's Comments**

*Consultations will be held with the FMIS Unit of the Ministry to ensure that funds are utilized in accordance with the annual work plan of the programme and acquittals are also provided accordingly.*

*The Quarterly progress reports of the programme have always in the past included acquittal report for the quarter which is submitted to budget division when requesting for release of funds. We will ensure that reports also include expenditure reports for projects undertaken and the achievements of Key Performance Indicators in the Annual Corporate Plan of the Ministry. In addition we will ensure that the programme also prepares annual statement of acquittal to account for the total funds utilized in the year.*

*We will ensure that records with supporting documents are made available as and when requested for verification purposes for the Office of the Auditor General.*

## 16.9 Inadequate Monitoring of Projects

One of the key roles of the Ministry of Strategic Planning office is to coordinate the implementation of the Integrated Human Resource Development Program (IHRDP).<sup>21</sup>

The audit noted the following anomalies in project monitoring and implementation of the program:

- Details of project costs, files and project status reports were not properly and regularly monitored;
- Numerous projects have exceeded the approved project allocations. Refer to table 16.11 for details:

**Table 16.11: Examples of IHRDP Projects which have Exceeded Project Fund Allocations**

Project Name	Approved Amount (\$)	Funds Utilized (\$)	Amount Overspent (\$)	Year Project Started
Soso Bakery	91,887	108,798	16,911	2010
Nadali Piggery	27,000	41,704	14,704	2007
Nausori Bakery	7,090	56,961	49,871	2009
Prakash Integrated Farm	16,530	17,286	756	2010
Nawaqarua Community Fishing	25,000	27,264	2,264	2010
Veidrala VCOO Project	10,540	17,278	6,738	2010

- The two projects namely Nadali piggery and Nausori bakery projects are not in operation despite substantial money were being incurred by the projects.
- Slow implementation of projects – only 1 project was completed in the Central division – Namau Cocoa project while there were no new projects from the Eastern division.
- There were no regular timetable set for site visit for projects involving substantial capital investment and on-going projects on regular basis;
- Our review of the Project files noted that essential information were lacking and were not documented: These includes the following: -
  - Failure to provide a Project Identification by divisions;
  - Initial date of project commencement and updates on the progress ;
  - Any trainings assistance to project members for a particular project.

The above anomalies reflected the lack of proper planning, co-ordination, and poor implementation procedures in place.

### **Recommendation**

**The Ministry should ensure that the projects are monitored regularly, records maintained are up-to-date and expenditure in excess of the approved project to be investigated.**

**The Ministry should put in place mechanism for prudent financial management and monitoring of project and there is value for money for fund spent on the projects.**

<sup>21</sup> 2011 Appropriation Authority [Budget] statement, output No. 6

### **Management Comments**

*To ensure that projects are monitored on a regular basis the Programme in conjunction with the Human Resources Planning Division of the Ministry will be conducting 2 site visits per project in the first six months of 2012 and another 2 site visits per project in the second six months of the year and we will keep a record of the reports of the site visits.*

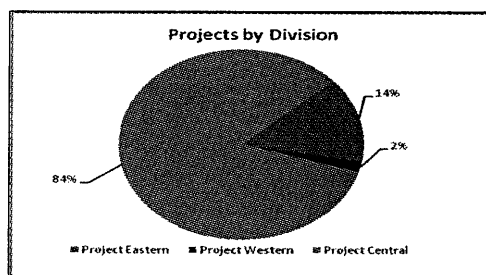
*IHRDP is now trying to get online information data based system to ensure that all projects are strictly monitored and any information needed on any project can be accessed at any time with real time data available. The system will allow divisional managers to submit inspection reports online as and when visiting a project. Furthermore, the system will ensure easy auditing of projects and programme as a whole and also account for funds for each project.*

### **16.10 New Projects Funded in 2011**

Given the involvement of the Ministry of National Planning in the Integrated Rural Development Framework initiative, the IHRDP is well placed to assist National Planning Officers in the divisions to identify and address employment issues at the divisional level.<sup>22</sup>

The audit noted that the Northern division has the largest number of IHRDP projects. Refer to the figure 16.2 and for the utilization of funds per division:

**Figure 16.2: Projects by Division**



Division	Amount (\$)	Percentage %
Western	52,420	14
Central	6,785	2
Northern	301,529	84
<b>Total Capital/Project Funds</b>	<b>360,734</b>	<b>100</b>

Audit enquiry revealed that funds were not distributed in accordance to division and therefore there is no limit on the funds utilized per division. The onus is on the division program managers to identify projects and implement them.

In addition, other divisions projects were either on hold or were put to the year 2012 due to lack of information for the project.

The above indicates that program managers in other divisions need to benchmark the practices from the Northern division and ensure that sustaining projects are selected and implemented to fully utilize the funds available.

### **Recommendation**

**The Ministry should ensure that best practices from divisions are applied to fully utilize funds allocated and that project assistance could benefit all the Divisions.**

<sup>22</sup> Development Sub Committee (DSC 14/10) Section 4.10 Part III

**The Ministry should ensure that a checklist is prepared for the information that is required for a project to be approved and made available to those seeking assistance through the program.**

### **Ministry's Comments**

*Divisional Managers during the programme quarterly meetings discuss and share ideas and experiences when implementing projects in their divisions. This provides a forum where best practices from a division are identified and used as benchmark for implementation by other divisions.*

*Information required by the programme for assessment of a project is conveyed to members of the public once they visit the office. These information is also disseminated when divisional manager s attend tikina and village meetings. A brochure is now being developed that has the checklist for all necessary information needed for project funding approval which will be made available to our customers or stakeholders*

## **16.11 Review of Quarterly Reports**

One of the key roles of the Ministry of Strategic Planning office is to coordinate the implementation of the Integrated Human Resource Development Program (IHRDP).<sup>23</sup>

The Programme under the Strategic Planning Office is intended to boost the employment base in the local communities.<sup>24</sup>

The Ministry is required through the IHRDP annual work plan and the Annual Corporate Plan<sup>25</sup> to provide quarterly progress report, a medium of monitoring projects at divisional levels.

Our review of the quarterly progress report for projects within the Suva-Nausori area revealed the following anomalies which were in contrast to the quarterly progress report submitted by the Divisional Managers:

**Table 16.13: Disparity in the Project Progress Report**

Project	Total Contribution (\$)	Ministry Report (QPPR)	Audit Physical Visit and Verification
Nausori Bakery	65,572	<ul style="list-style-type: none"> <li>Self sustainable;</li> <li>can compete in the market,</li> <li>created employment,</li> <li>Enhanced skill of the participant.</li> <li>Relocation of septic tank needed for the resumption of the operations.</li> </ul>	<ul style="list-style-type: none"> <li>Closure of the bakery by the Health office as the bakery was constructed on the septic tank.</li> <li>Financial viability cannot be determined as members of the bakery cannot be located.</li> <li>A total of \$65,572 has been spent. Refer to the figure 16.3 for the worn out structure of the bakery house.</li> <li>Bakery located behind the Nausori village reducing its market accessibility.</li> </ul>
Nadali Piggery	41,704	<ul style="list-style-type: none"> <li>Self sustainable;</li> <li>Can compete in the bigger market;</li> <li>Met output of creating employment;</li> <li>Enhanced skill of</li> </ul>	<ul style="list-style-type: none"> <li>Income is only generated when pigs are sold.</li> <li>Currently there are no employments provided by the project.</li> <li>The Bio - Gas amounting to \$6,208.24 constructed for the capital project is not in operation and has failed.</li> <li>Committee members that received training for the project have left for other jobs.</li> </ul>

<sup>23</sup> 2011 Appropriation Authority [Budget] statement, output No. 6

<sup>24</sup> Cabinet Paper CP(10) 254 – Section 2.0

<sup>25</sup> Ministry of Strategic Planning and National Development, 2011 Annual Corporate Plan, Page 15.

Project	Total Contribution (\$)	Ministry Report (QPPR)	Audit Physical Visit and Verification
		<ul style="list-style-type: none"> <li>participant to take up individual farms.</li> <li>In process of acquiring business license and operate as a co-operative.</li> <li>Waiting for the formation of business entity.</li> </ul>	<ul style="list-style-type: none"> <li>The deteriorating condition of the pigpen and the pigs. The pig pen is not large either considering the sum spent.</li> <li>The inability of the project to sustain its operations and the continued reliance on IHRDP funding [project started in year 2007 and yet to be sustainable].</li> </ul>
Koronivia Farmers Co-operative	108,283	<ul style="list-style-type: none"> <li>Stakeholders to revise the operation of the co-operative.</li> </ul>	<ul style="list-style-type: none"> <li>Access to fund is limited to members of co-operative only. A criteria and fee has to be paid to be part of the co-operative.</li> <li>Variance in the assistance given noted where the Ministry's record showed a short payment of assistance by \$30,599.</li> </ul>

**Figure 16.3: Nausori Bakery Project - Remote Location and Constructed on the Septic Tank**



**Figure 16.4: Nadali Piggery - Defunct Biogas and Deteriorating Health Condition of Pigs**



**Figure 16.5: Koronivia Farm**



The non submission of the accurate progress reports was a contributing factor to the Ministry's inability to take strategic remedial action on Nadali Piggery and the Nausori Bakery.

### **Recommendation**

**The Ministry should ensure that projects funded are viable and has a plan in place in phases where the projects will be assisted and have the ability to be sustainable with stable income for the unemployed or those that are part of the project.**



The Ministry should ensure that the quarterly progress report submitted by the divisional officers are verified and endorsed by the IHRDP Program Manager for accuracy and remedial action for falling out projects.

For the Nadali piggery and the Nausori bakery, an investigation should be carried out for the utilization of the funds and officers disciplined for the unaccounted funds.

### **Ministry's Comments**

*The programme has developed a standard business plan to determine the viability and sustainability of a project before it is funded. Divisional Managers will also be requested to develop project implementation plans/schedules for projects that are approved.*

*Quarterly progress reports by the Divisional Managers will be verified by the Programme during the site visits that will be conducted with the Human Resource Planning Unit.*

*The Ministry will ensure that the two projects highlighted are revised and funds utilization is accounted for.*

## **16.12 Register of Projects**

The responsible authority for a budget sector agency is responsible for ensuring that money and property of or under the control of the agency are properly accounted for and the maintenance of an effective system of internal control for money and property.<sup>26</sup>

The audit noted that the Ministry from 2009 was appropriated a budget for the IHRDP at an average of rate of \$1.4 million per year. Refer to table 16.14 for details of appropriation over the years.

**Table 16.14: IHRDP Funds over the Three Year Period with the Ministry Of Strategic Planning**

Year	Budgeted Expenditure (\$)	Actual Expenditure (\$)	%age Utilized
2009	1,500,000	882,930	59
2010	1,202,416	777,287	65
2011	1,500,000	877,178	58
<b>Total</b>	<b>4,202,416</b>	<b>2,537,395</b>	<b>60</b>

However, it is noted that the Ministry did not maintain a list/register of projects funded over the years and the costs of these projects. The Quarterly Project Progress Report (QPPR) only recorded the update of the on-going projects.

Old projects and those that are almost not operational, have no record of the status, costs and reasons for the failure. For illustration, table 16.16 outlines some of the projects that were with the program over the past three years and not recorded on the QPPR and there is no master record for future reference.

<sup>26</sup> Financial Management Act 2004 - Section 28 (1) (c) (g).

**Table 16.15: Examples of Unrecorded Projects**

Location	Project	Actual Expenditure (\$)
Nadali	Semi-Commercial Piggery	36,616
Namono	Integrated Farm	16,819
Naduru	Integrated Farm	15,405
Verata	Soap Making	12,246
Bouma	Tourist Minibus	35,000
Levuka/Kadavu/Savusavu	Egg Farms	14,000
Koroibici	Piggery	33,000
<b>Total</b>		<b>163,086</b>

The register could capture valuable lessons learnt and provide a benchmark for the requirements of setting up similar community projects across divisions.

### **Recommendation**

**The Ministry should ensure that a register of projects is opened with all the necessary details from the costs of the projects to the success/failure remarks for projects for future implementation of projects;**

**An investigation is carried out by the Internal Audit of the Ministry of Finance to account for the projects and the funds utilized over the years.**

### **Ministry's Comments**

*A project register was developed in 2011 and is now being maintained by the programme that includes all projects that have been implemented since 2007.*

### **Further OAG Comments**

The Ministry did not provide the register for our audit review.

## **FIJI BUREAU OF STATISTICS**

### **16.13 Payroll Expenditure**

#### **16.13.1 Re-engagement of Retired Officer without PSC Approval**

The approval to re-engage respective retirees in civil service will be given by Public Service Commission (PSC), following consultations with the Prime Minister. In this regards, the respective Permanent Secretaries and Heads of Departments are requested to submit names with appropriate justifications based on the criteria directly to PSC for consideration. Once approval is obtained from PSC, the responsibility to draw up and finalize contracts is that of respective Permanent Secretaries and Heads of Departments. A Copy of the signed contract will need to be given to PSC.<sup>27</sup>

On 10/12/2010, the Public Service Commission approved the reengagement of Mr. Lemeki Baleinatovi (EDP 19953) to be the Bureau's Accounts Officer from 4/1/2011 to 5/3/2011 and with ample time for the Bureau to advertise the position. An agreement for the reengagement was drawn up and signed between the parties on 4/1/2011.

<sup>27</sup> PSC Circular 24/2009 dated 24/04/09 Re-engagement of Retired Civil Servants

The audit noted that the Bureau advertised the vacant post on 15/4/2011, which was not within the agreed timeline as approved by the Commission. However the Bureau was not able to make any appointment from the advertisement in April 2011.

The Ministry of National Planning<sup>28</sup> on 11/3/2011 approved the reengagement of Mr. Baleinatovi on a daily to daily basis which was contrary to PSC Circular Number 24/2009 dated 24/4/2009.

Moreover, the Officer was reengaged by the Department from 26/3/2011 to 2/12/2011 and received salary totalling \$17,224.77 without any employment contract. Refer to Table 16.16 below for details:

**Table 16.16: Details of Salary Paid to Mr. Baleinatovi**

Pay no.	Pay Period	Gross Amount Paid (\$)
2011/07	26/03/11 – 08/04/11	2,275.15
2011/09	23/04/11 – 06/05/11	1,753.76
2011/11	21/05/11 – 03/06/11	1,753.76
2011/13	18/06/11 – 01/07/11	1,753.76
2011/15	16/07/11 – 29/07/11	1,753.76
2011/17	13/08/11 – 26/08/11	1,753.76
2011/19	10/09/11 – 23/09/11	1,753.76
2011/21	08/10/11 – 21/10/11	1,796.42
2011/22	22/10/11 – 04/11/11	876.88
2011/23	05/11/11 – 18/11/11	876.88
2011/24	19/11/11 – 02/12/11	876.88
<b>Total</b>		<b>17,224.77</b>

In the absence of a valid employment contract agreement, the engagement of Mr. Takalaivuna was not legally binding. In addition, governments' re-engagement policies and procedures were not followed which has resulted in the unauthorised payment of salary.

The above anomaly indicated laxity by the Principal Administrative Officer for not advertising the position and failing to obtain the Commission approval for extension of the reengagement.

### **Recommendations:**

**The Bureau should ensure that prior approval of the Commission is obtained before officers are re-engaged in the Public Service.**

### **Ministry's Comment**

*The approval to continue to employ the services of Mr. Lemeki Baleinatovi Takalaivuna, former accounts officer was issued by the Ministry Delegate, the Permanent Secretary for the Ministry of Strategic Planning, National Development and Statistics. The basis of which is clearly outlined in the letter from the office of the Permanent Secretary dated 11/03/11, quote.....to prevent FBOS from audit query and to the new replacement incumbent time to take over the duties of the Accounts Officer...unquote.*

*The Delegate strongly saw it as exigent in nature and out of the doctrine of necessity hence his approval for the continued employment on day to day basis of the former Accounts Officer.*

*The Delegate strongly felt that Mr. Takalaivuna's exit would not be ideal as there was a huge backlog of Advances that remain to be retired from officers here in the Headquarters and in the Divisions. Similarly,*

<sup>28</sup> Letter issued by Ministry of National Planning by Principal Administrative Officer Mr. Micheal Ali

*facilitating the transit would be counterproductive as 'orientation' to the Department let alone the work to be undertaken would be time consuming.*

#### **Further OAG Comments**

The Bureau should ensure that circular requirement are complied with in particular that the Officer was a retiree which the Bureau needs to obtain the Commission's approval after consulting the Permanent Secretary.

### **16.14 Retirement of Travel Advances**

Travelling advances must be recouped within 7 days of the completion of travel by the submission of a voucher with documents to support the claim.<sup>29</sup> Where a travelling advance has not been fully expended, it must be repaid to the agency within 7 days of the completion of the travel.<sup>30</sup> Where a travelling advance is not cleared within 7 working days of the completion of the travel, recovery must be made from the concerned officer's salary within 6 fortnights.<sup>31</sup>

The accountable advances issued for the sub round 4 of the Employment and Unemployment survey held in 2011 totalled \$105,270. Refer to Table 16.17 below for details.

**Table 16.17: Accountable Advance Issued**

Date	Account Allocation	Cheque no.	Payee	Amount Issued (\$)	Amount Retired (\$)	Variance (\$)
01/02/11	1-17201-64101-71399	18933	Tevita Vakalalabure	57,940.00	57,912.05	27.95
02/02/11	1-17201-64101-71399	18937	Sera Bose	23,973.00	23,792.50	180.50
01/02/11	1-17201-64101-71399	18934	Samuela Ratuvola	23,357.00	24,168.50	(811.50)
<b>Total</b>				<b>105,270.00</b>	<b>105,873.05</b>	<b>(603.05)</b>

These advances which were paid to the Supervisors were kept in the supervisor's personal bank account and then paid to enumerators at the discretion of the supervisors. Enumerators are to provide to the supervisor necessary supporting documents as evidence of funds spent. The supervisor then provides acquittals to the Accountant to journalise the accounts affected.

The following anomalies were noted:

- The retirement of the travel advances by enumerators were paid on the strength of the government imprest receipt form which according to the Bureau was the practice in the past for clearance of such advances. The Bureau did not consider standing Finance Instruction 2010 which requires that any clearance of travel advances should be supported with receipts to support the claim.
- Analysis of the Imprest Receipt forms indicated that names, vehicle registration numbers, and mobile phone numbers noted in the forms by enumerators were not sufficient and could easily be falsified just to support the claim. Refer to Appendix 16.4 for details.

The existing mode of retirement of accountable advances and the absence of adequate checks by supervisors and accounts officers exposes the Department to misappropriation and fraudulent claims.

<sup>29</sup> Finance Instructions section 44 (3)

<sup>30</sup> Finance Instructions section 44 (4)

<sup>31</sup> VAT Decree s.60

### **Recommendations**

**The Bureau should ensure that the retirement of advances are properly supported with receipts.**

### **Bureau's Comment**

*The enumerators could not get supporting documents because a good number of transport providers do not have business receipts. For the nationwide survey we had to use whatever transport was available which meant the use of private vehicles as well. The Imprest receipts became the most convenient and favoured means of recording payment. In some areas the only vehicles available were those without a proper license.*

*We do admit that we overlooked some of the issues that have been highlighted by your Office regarding discrepancies in some retirements. These oversight was due to the trust we had on our enumerators to provide the right information where required. We therefore admit that we should have been more vigilant in our checks, and the pressure of having to work under tight timelines did contribute to such oversight creeping in.*

## APPENDICES

## Appendix 16.1: Accumulated Late Arrival From June – December 2011

Name	Position	Gross Fortnight (\$)	Hourly Rate (\$)	Accumulative Hours Late	Hours Late per Month on Average	Amount Owed in Deduction (\$)
N.Prakash	Acting Principal Economic Planning Officer	1,364.08	18.43	55.55	8	1,023.98
Jale Rokoika	Principal Economic Planning Officer	1,364.08	18.43	42.42	6	781.89
Emosi D	Principal Economic Planning Officer	1,364.08	18.43	40.72	6	750.55
L.Koroisave	Principal Economic Planning Officer	1,364.08	18.43	30.42	4	560.58
Lusiana N	Principal Economic Planning Officer	1,364.08	18.43	29.23	4	538.87
N.Vosayaco	Principal Economic Planning Officer	1,364.08	18.43	27.42	4	505.38
Nafiza Ali	Senior	1,002.42	13.55	32.35	5	438.22
Earnest W	Principal Economic Planning Officer	1,364.08	13.43	22.92	3	422.43
Paula C	Principal Economic Planning Officer	1,364.08	18.43	19.4	3	357.61
G.Chand	Senior Economic Planning Officer	1,002.42	13.55	26.38	4	344.98
S.Preetika	Economic Planning Officer	782.12	10.57	23.13	3	244.5
Taributi D	Economic Planning Officer	782.11	10.57	20.25	3	214.02
Kemueli N	Principal Economic Planning Officer	1,364.08	18.43	12.03	2	209.83
Vinit Lal	Economic Planning Officer	782.11	10.57	19.55	3	206.63
Amitesh Jeet	Senior Economic Planning Officer	1,002.42	13.55	13.57	2	183.78
A.Leweniqila	Senior Economic Planning Officer	1,002.42	13.55	8.32	1	112.66
Chaya Chand	Economic Planning Officer	1,002.42	13.55	8	1	108.37
Thomson Yuen	Economic Planning Officer	782.11	10.57	10.2	1	107.76
<b>Total</b>				<b>441.86</b>	<b>63</b>	<b>7,112.04</b>

**Appendix 16.2: Travel Advances Issued on Fully Funded Trips**

<b>Officers Name (EDP no.)</b>	<b>Trip Details</b>	<b>Advance Amount (Incidentals) (\$)</b>	<b>Retirement Details (\$)</b>
Ernest Walker (60109)	<ul style="list-style-type: none"> <li>ADB Regional Workshop on Social Dimensions of Climate Change-Seoul, Korea.</li> <li>Fully funded by ADB &amp; Global Green Growth Institute. Funding includes Cost of economy class airfare ticket, hotel accommodation, daily subsistence allowance, lump sum miscellaneous travel expense to cover passport &amp; visa fees, land travel to &amp; from airports, &amp; other expenses incidental to travel.</li> </ul>	1,000.00	<p>Fully retired:</p> <p><b>Amount used - \$300</b> RR#86 - \$120 for taxi fare (Nadi - Suva)</p> <p>\$180 for miscellaneous expenses.</p> <p><b>Amount refunded to NPO - \$700</b> RR# 585008 - \$700 cash</p> <p><b>TOTAL:\$1000</b></p>
Lusiana Naimawi (91989)	<ul style="list-style-type: none"> <li>Asian &amp; Pacific Regional Preparatory Meeting for the United Nations Conference on Sustainable Development-Seoul, Korea.</li> <li>Fully funded by the Asia Development Bank. Funding includes cost of participation, including daily subsistence allowance, hotel accommodation and travel arrangements.</li> </ul>	1,600.00	Not yet retired.
Anare Leweniqila (63613)	<ul style="list-style-type: none"> <li>Seminar on Macroeconomic Development for Developing Countries- Beijing, China.</li> <li>Fully funded by the government of China. All cost related to this program are funded.</li> </ul>	1,200.00	<p>Fully retired:</p> <p><b>Amount used - \$1,263</b> RR# 12 &amp; 90 -\$700 taxi fare(Suva - Nadi &amp; return), Medical Check-\$50, Visa Application-\$30, Breakfast (Nadi Airport) - \$15.90, Lunch (Hong Kong Airport)-\$37.60, Taxi Fare (Beijing) - \$13.00 Breakfast (Beijing Airport) - \$22.60, Lunch (Hong Kong Airport) -\$33, 2 meals (Nadi/Suva) - \$18.00, per diem for 24/11-16/12 @ US \$278-FJ \$1,001.98</p> <p>Officer was again reimbursed the \$63 via cheque no. 019777 dated 30/12/11</p>
Paula Cirikiyasawa (63053)	<ul style="list-style-type: none"> <li>ADB Regional Forum on Foreign Reserves Management- Singapore.</li> <li>Fully funded by ADB. Funding includes round trip air tickets, hotel accommodation, and standard per diem.</li> </ul>	500.00	<p>Fully retired:</p> <p><b>Amount used - \$771.73</b> Meal (Nausori Airport) -\$9, Meal (Nausori Airport - delayed flight)-\$9, Meal (Sydney Airport)-\$18.54, 4 nights accommodation @ Sydney (due to unavailability of flights)-\$449.52, Foreign</p>

Officers Name (EDP no.)	Trip Details	Advance Amount (Incidentals) (\$)	Retirement Details (\$)
			Exchange rate fees-\$89.90, Laundry & business centre charges - Pan Pacific Hotel - \$84.47, Return cab fare (Changi Airport - Pan Pacific Airport) - \$47.03, Meal (Sydney Airport) - \$37.27, Taxi fare (Nausori Airport-Nasinu) - \$27.  Officer was again reimbursed \$271.73 via cheque no. 018772 dated 07/07/11
Vinit Vishal Lal (91570)	<ul style="list-style-type: none"> <li>Course on Financial Programming and Policies- IMF Institute, Washington DC USA.</li> <li>Fully funded by IMF Institute. Funding includes pre-paid ticket in economy class to and from Washington, living allowance of US\$50 per day for the duration of the course, and free accommodation at the Fund-owned Concordia apartments.</li> </ul>	500.00	<p>Fully retired</p> <p><b><u>Amount used - \$678.56</u></b></p> <p>Dinner (24/01-Nausori)-\$8.20, Dinner (21/04-Washington)-\$18.67, Van fare (Airport-Concordia Apartments), Dinner (22/04)-\$19.64, Breakfast (23/04)-\$8.15, Lunch (23/04)-\$11.59, Dinner (23/04)-\$13.97, Breakfast (24/04)-\$12.82, Lunch (24/04)-\$18.31, Dinner (24/04)-\$11.99, Smart Trip Card Metro-\$18.31, Dinner (26/04)-\$10.97, Dinner (27/04)-\$10.07, Lunch (28/04)-\$18.11, Dinner (28/04)-\$11.96, Lunch (30/04)-\$10.16, Lunch (01/05)-\$17.63, Dinner (01/05)-\$10.07, Lunch (02/05)-\$4.56, Dinner (02/05)-\$12.67, Lunch (03/05)-\$17.58, Dinner (03/05)-\$11.61, Lunch (04/05)-\$16.55, Dinner (04/05)-\$31.54, Lunch (05/05)-\$17.01. Van Fare (Concordia Apartment-Airport)-\$122.67, Dinner (07/05)-\$20.23, Lunch (09/05)-\$15.50, Lodging (Raffles)-\$70.00</p> <p>Officer was again reimbursed \$178.56 via cheque no. 018499 dated 17/05/11</p>
Thompson Yuen (91901)	<ul style="list-style-type: none"> <li>Asia-Pacific Leadership Forum on Health Information Systems-Manilla, Philippines.</li> <li>Fully funded by WHO/USAID and WPRO. Funding includes all travel, accommodations, and per diem.</li> </ul>	300.00	<p>Fully retired</p> <p><b><u>Amount used - \$63</u></b></p> <p>Taxi fare (Nadi Airport - Tokatoka Resort) -\$3, Dinner @ Tokatoka Resort - \$42, Breakfast at Nadi airport - \$9, Dinner - \$9</p>



Officers Name (EDP no.)	Trip Details	Advance Amount (Incidentals) (\$)	Retirement Details (\$)
			<u>Amount refunded to NPO - \$237</u>  RR no. 827592 – \$237
Luke Koroisave (67294)	<ul style="list-style-type: none"> <li>• Technical Workshop and Policy Dialogue-Port Villa, Vanuatu.</li> <li>• Fully funded by the Supporting Facility of the European Commission. Funding includes Travel and hotel accommodation.</li> </ul>	300.00	Fully retired  <u>Amount used - \$129</u> Taxi fare (Home- Airport) - \$20, Nausori Airport breakfast - \$9, Lunch, Dinner, Transport on 28/02/11 - \$100  \$171 – Officer requested for a salary deduction of \$30 per pay.

**Appendix 16.3: Travel Advances Issued on Government Funded Trips**

Officers Name (EDP no.)	Trip Details	Advance Amount (Incidentals) (\$)	Retirement Details (\$)
Paula Cirikiyasawa (63053)	<ul style="list-style-type: none"> <li>PACP Ministerial Meetings on Economic Partnership Agreement (EPA) - PNG.</li> <li>Fully funded by National Planning Office. Funding includes travel expenses and standard per diem allowance for accommodation, meals, and incidentals.</li> </ul>	500.00	Fully retired.  <b>Amount used - \$500</b> RR# 585001-\$11.52, Meals-\$27, Internet Charges - \$44.72, Foreign Exchange rate fees - \$5, Return cab fare (Port Moresby Airport-Crown Plaza Hotel) - \$357.76, Meals (Port Moresby en route Brisbane[11.55pm] - \$36, Meals (arrival-6.30am) - \$18.
Kemueli Naiqama	<ul style="list-style-type: none"> <li>44<sup>th</sup> Annual ADB Meeting - Vietnam.</li> <li>Co - Funded by the Ministry of Finance and Department of National Planning. All costs related to the travel are funded by Ministry of Finance. Standard per diem allowance was provided by National Planning Office for accommodation, meals, and incidentals.</li> </ul>	1,000.00	Fully retired.  <b>Amount used - \$694.81</b> Breakfast (29/04) - \$9, Visa fee - \$45.77, Taxi fare (meeting centre - hotel [05/05]) - \$17.94, meeting & farewelling liaison officers (3) - \$36.12, international calls, VAT charges, sales tax for accommodation at Crown Plaza including service charges - \$326.82, Accommodation Songdo Park hotel (Incheon, South Korea) - \$201.39, Breakfast (Songdo Park hotel [08/05]) - \$39.77, Breakfast & Lunch (09/05) - \$18.  <b>Amount deducted from Pay (13/11 – 25/11) - \$343.34</b> Amount includes interest of \$38.15 due to late retirement of advance.
Pita Wise	<ul style="list-style-type: none"> <li>44<sup>th</sup> Annual ADB Meeting-Vietnam.</li> <li>Co- Funded by the Ministry of Finance and Department of National Planning. All costs related to the travel are funded by Ministry of Finance. Standard per diem allowance was provided by National Planning Office for accommodation, meals, and incidentals.</li> </ul>	1,500.00	Fully retired.  <b>Amount used - \$981.23</b> Dinner at hotel - \$42 (as per PSC circular 37/06), Breakfast (28/04) - \$9, Visa fees - \$49.43, taxi fare from airport to Rising Dragon Palace Hotel - \$27.46, Dinner with Pacific Operation (Consultation) - \$92.27, Coffee session with Constituency Office - \$50.34, taxi fare (Rising Dragon -Crown Plaza)-\$54.92, international calls, VAT charges, sales tax for accommodation at Crown Plaza including service charges - \$351.87, taxi fare

Officers Name (EDP no.)	Trip Details	Advance Amount (Incidentals) (\$)	Retirement Details (\$)
			(hotel - meeting centre - \$39.11, taxi fare (hotel - meeting centre) - \$19.55, taxi fare (Hong Kong airport - Holiday Inn hotel) - \$71.11, accommodation - \$76.17, taxi fare (Holiday Inn - Hong Kong airport) - \$80, Breakfast & Lunch (Nadi) - \$18,  <u><b>Amount Refunded to NPO</b></u> RR# 827589 - \$518.77.
Kemueli Naiqama	<ul style="list-style-type: none"> <li>Fiji Investment Mission to the Peoples Republic of China.</li> <li>Funded by Public Service Commission. Funding includes travel expenses and standard per diem allowance for accommodation, meals, and incidentals.</li> </ul>	3,000.00	Fully retired.  <u><b>Amount used - \$2,152.61</b></u> Sevusevu (Fiji Embassy Beijing, Counselor Beijing, Hong Kong) - FJD\$200, Biosecurity Yaqona Fees (airport) - FJD\$22, printing @ Intercontinental HK - HKD\$15, Excess weight HK - Beijing (Promotion Materials) - HKD\$1,950, luggage room (1 night @ A.C Embassy, Beijing) - RMB\$398, luggage room (2 nights @ Shaanxi Business Hotel, Shanghai) - RMB\$796, official telephone & printing charges (Sheraton Ningbo hotel) - RMB\$160.80, Laundry (Rosedale Hotel, Guangzhou) - RMB\$324.30, Laundry (Shanghai Dry Cleaners Co. Kowloon, HK - HKD\$35, Meals - FJD\$18, RR# 827597 - \$1,000.  <u><b>Amount deducted from Pay (20/11 – 25/11) - \$953.31</b></u> Amount includes interest of \$105.92 due to late retirement of advance.
Pita Wise	<ul style="list-style-type: none"> <li>Fiji Investment Mission to the Peoples Republic of China.</li> <li>Co-Funded by the Ministry of Finance and National Planning Office. Travel expenses are funded by the Ministry of Finance and standard per diem allowance are funded by National Planning Office for accommodation, meals, and incidentals.</li> </ul>	7,000.00	Fully retired.  <u><b>Amount used - \$6,617.85</b></u> Lunch & dinner @ the hotel (Nadi) - \$42, Breakfast (Nadi) - \$9, Laundry (Beijing) - \$225.68, AC Embassy hotel Conference room hire - \$615.39, Laundry @ Tianyu Gloria Plaza Hotel - \$60.30, Hire of hall & internet - \$114.96, Hire of Conference room & lunch for investors (Sheraton Hotel, Ningbo) - \$1,566.46, Laundry @ Rosedale

Officers Name (EDP no.)	Trip Details	Advance Amount (Incidentals) (\$)	Retirement Details (\$)
			<p>Guangzhou - \$17, Wrapper for boxes - \$13.98, Excessive luggage from China -Korea (boxes) - \$1,560.87, Hire of Conference room @ Young Dong Hotel, Seoul, Korea - \$1,302.46, Catering for investors @ Young Dong hotel, Seoul, Korea - \$89.10, Payment of Conference facilities @ Ramada hotel, Hong Kong - \$982.65, Meals (Fiji) - \$18.</p> <p><b><u>Amount refunded to NPO - \$382.15</u></b> RR# 827598 - \$382.15</p>

**Appendix 16.4: Examples of Unauthentic Imprest Receipt Forms**

Date	Received from	Being for	Vehicle registration #	Contact #	Amount (\$)	Remarks
<b>Carls' acquittals</b>						
01/02/11	Carl	Taxi hire	LT4711	9309056	20	Mobile # in the government imprest receipt form belongs to Mr. Ram Goundar. His taxi no. is LT5441 and not LT4711 as stated in the imprest receipt form.
05/02/11	Carl	Taxi hire	LT4711	Not stated	30	Signature differs from the previous imprest receipt form
11/02/11	Carl	Taxi hire	LT4893	9477664	20	Mobile # belongs to a Mr. Bas Deo, a carpenter in Verata
25/02/11	Carl	Taxi hire	LT4011	8725152	20	Same taxi but different mobile # as per Ronalds acquittals
02/03/11	Carl	Taxi hire	LT4011	9911023	20	Different mobile # provided as per previous retirement
<b>Ronalds' acquittals</b>						
03/02/11	Ronald	Taxi hire	LT2000	7202866	15	Driver - Harish
07/02/11	Ronald	Taxi hire	LT1362	9231144	20	Vijay
11/02/11	Ronald	Taxi hire	LT4011	961822	15	Same taxi (LT4011) but different mobile # as per Carls acquittals. Drivers name on IRF is Atish.
07/03/11	Ronald	Vehicle hire	FA331	7202866	200	Drivers name on Imprest Receipt Form (IRF) is Joe Rasiga. Same mobile no. belongs to Harish (LT2000) as per Ronalds acquittals.
08/03/11	Ronald	Vehicle hire	FA331	7202866	190	Drivers name on Imprest Receipt Form (IRF) is Joe Rasiga. Same mobile no. belongs to Harish (LT2000) as per Ronalds acquittals.
09/03/11	Ronald	Vehicle hire	FA331	7202866	160	Drivers name on Imprest Receipt Form (IRF) is Joe Rasiga. Same mobile no. belongs to Harish (LT2000) as per Ronalds acquittals.
11/03/11	Ronald	Vehicle hire	FA331	7202866	180	Drivers name on Imprest Receipt Form (IRF) is Joe Rasiga. Same mobile no. belongs to Harish (LT2000) as per Ronalds acquittals.
12/03/11	Ronald	Vehicle hire	FA331	7202866	180	Drivers name on Imprest Receipt Form (IRF) is Joe Rasiga. Same mobile no. belongs to Harish (LT2000) as per Ronalds acquittals.
15/03/11	Ronald	Vehicle hire	FA331	7202866	140	Drivers name on Imprest Receipt Form (IRF) is Joe Rasiga. Same mobile no. belongs to Harish (LT2000) as per Ronalds acquittals.
<b>Inias' acquittals</b>						
14/03/11	Inia	Taxi hire	LT4011	7202866	12	Drivers name on IRF is Atish. Same mobile no. belong to Harish (LT2000) and Joe Rasiga (FA331) as per Ronalds acquittals
15/03/11	Inia	Taxi hire	LT4011	7202866	12	Drivers name on IRF is Atish. Same mobile no. belong to Harish (LT2000) and Joe Rasiga (FA331) as per Ronalds acquittals
16/03/11	Inia	Taxi hire	LT4011	7202866	12	Drivers name on IRF is Atish. Same mobile no. belong to Harish (LT2000) and Joe Rasiga (FA331) as per Ronalds acquittals
17/03/11	Inia	Taxi	LT4011	7202866	12	Drivers name on IRF is Atish. Same mobile

Date	Received from	Being for	Vehicle registration #	Contact #	Amount (\$)	Remarks
		hire				no. belong to Harish (LT2000) and Joe Rasiga (FA331) as per Ronalds acquittals
18/03/11	Inia	Taxi hire	LT4011	7202866	12	Drivers name on IRF is Atish. Same mobile no. belong to Harish (LT2000) and Joe Rasiga (FA331) as per Ronalds acquittals
19/03/11	Inia	Taxi hire	LT4011	7202866	10	Drivers name on IRF is Atish. Same mobile no. belong to Harish (LT2000) and Joe Rasiga (FA331) as per Ronalds acquittals
21/03/11	Inia	Taxi hire	LT4011	7202866	12	Drivers name on IRF is Atish. Same mobile no. belong to Harish (LT2000) and Joe Rasiga (FA331) as per Ronalds acquittals
22/03/11	Inia	Taxi hire	LT4011	7202866	12	Drivers name on IRF is Atish. Same mobile no. belong to Harish(LT2000) and Joe Rasiga (FA331) as per Ronalds acquittals
23/03/11	Inia	Taxi hire	LT4011	7202866	12	Drivers name on IRF is Atish. Same mobile no. belong to Harish (LT2000) and Joe Rasiga (FA331) as per Ronalds acquittals
24/03/11	Inia	Taxi hire	LT4011	7202866	12	Drivers name on IRF is Atish. Same mobile no. belong to Harish (LT2000) and Joe Rasiga (FA331) as per Ronalds acquittals
25/03/11	Inia	Taxi hire	LT4011	7202866	12	Drivers name on IRF is Atish. Same mobile no. belong to Harish (LT2000) and Joe Rasiga (FA331) as per Ronalds acquittals
<b>Rafaeles' acquittals</b>						
10/02/11	Rafaele	Taxi hire	LT5309	9780072	20	Mobile # belong to a Mr Matia from Narere and not Jkori as stated in the IRF
11/02/11	Rafaele	Taxi hire	LT5309	9780072	20	Mobile # belong to a Mr Matia from Narere and not Jkori as stated in the IRF
28/02/11	Rafaele	Taxi hire	LT1552	Not provided	20	Drivers name is Vatilai. No phone contact provided on the IRF
01/03/11	Rafaele	Taxi hire	LT1552	Not provided	20	Drivers name is Vatilai. No phone contact provided on the IRF
02/03/11	Rafaele	Taxi hire	LT1552	Not provided	20	Drivers name is Vatilai. No phone contact provided on the IRF
03/03/11	Rafaele	Taxi hire	LT1552	Not provided	20	Drivers name is Vatilai. No phone contact provided on the IRF
04/03/11	Rafaele	Taxi hire	LT2014	Not provided	20	Drivers name is Vchand. No phone contact provided on the IRF
07/03/11	Rafaele	Taxi hire	LT2014	Not provided	20	Drivers name is Vchand. No phone contact provided on the IRF
08/03/11	Rafaele	Taxi hire	LT2014	Not provided	20	Drivers name is Vchand. No phone contact provided on the IRF
09/03/11	Rafaele	Taxi hire	LT2014	Not provided	20	Drivers name is Vchand. No phone contact provided on the IRF



## Section 17 Ministry of Provincial Development, Disaster Management and Sugar

### Role and Responsibilities

The Ministry of Provincial Development and Natural Disaster is responsible for facilitating and coordinating development in Fiji's rural sector. The Ministry is also working towards improving service delivery and co-ordination in Fiji's rural areas through the establishment of Divisional and Provincial Development Boards whose focus is to ensure that government efforts are better coordinated.

The Ministry is also responsible for Disaster Risk Management which is guided by the National Disaster Management Act. In addition, it also facilitates the preservation of different cultures in Fiji and also administers a scholarship program for Fiji's non-indigenous citizens.

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## PART A: FINANCIAL STATEMENTS

### 17.1 Audit Opinion

The audit of the 2011 accounts of the Ministry of Provincial Development, Disaster Management and Sugar resulted in the issue of an unqualified audit report.



## 17.2 Statement of Receipts and Expenditure

The Ministry of Provincial Development, Disaster Management and Sugar collected revenue totalling \$1,163,567 and incurred a total expenditure of \$29,688,266 in 2011.

**Table 17.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
<b>State Revenue</b>		
License Arms	645	1,136
License Liquor	458,437	1,057,773
License Trading	276,789	225,961
Other State Revenue	417,091	484,379
<b>Total State Revenue</b>	<b>1,152,962</b>	<b>1,769,249</b>
<b>Agency revenue</b>		
Miscellaneous	10,605	9,785
<b>TOTAL REVENUE</b>	<b>1,163,567</b>	<b>1,779,034</b>
<b>EXPENDITURES</b>		
<b>Operating</b>		
Established Staff	3,926,819	3,387,137
Government Wage Earner	980,211	943,758
Travel & Communications	251,092	249,052
Maintenance & Operations	549,243	466,353
Purchase of Goods & Services	422,228	318,246
Operating Grants & Transfers	1,446,600	5,854,596
Special Expenditures	427,766	648,463
<b>Total Operating Expenditure</b>	<b>8,003,959</b>	<b>11,867,605</b>
<b>Capital Expenditures</b>		
Capital Construction	4,634,117	3,597,231
Capital Purchase	196,793	214,129
Capital Grants & Transfers	15,877,273	26,756,617
<b>Total Capital Expenditure</b>	<b>20,708,183</b>	<b>30,567,977</b>
Value Added Tax	976,124	698,608
<b>TOTAL EXPENDITURES</b>	<b>29,688,266</b>	<b>43,134,190</b>

The total revenue decrease by \$615,467 or 35% in 2011 compared to 2010 due to the large number of operators opting for the renewal of the liquor license for three years in 2010.

The total expenditure decreased by \$13,445,924 or 31% in 2011 compared to 2010. This was mainly due to less capital projects undertaken compared to 2010, abolishment of Multi-Ethnic Affairs Unit and subsequent transfer of scholarship function to Public Service Commission, and non-implementation of some of the PSIP Programmes.

## 17.3 Appropriation Statement

The Ministry incurred expenditures totalling \$29,688,266 against the budget of \$31,249,670 resulting in a savings of \$1,561,404 or 5%. Details of expenditures against the budget estimates are provided in Table 17.2.

**Table 17.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry/Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	3,565,118	0	3,565,118	3,926,819	0	(361,701)
2	Government Wage Earners	1,018,585	0	1,018,585	980,211	0	38,374
3	Travel & Communication	267,440	0	267,440	251,092	0	16,348
4	Maintenance & Operations	529,096	51,616	580,712	549,243	0	31,469
5	Purchase of Goods & Services	436,818	45,398	482,216	422,228	0	59,988
6	Operating Grants & Transfers	1,449,400	(2,095)	1,447,305	1,446,600	0	705
7	Special Expenditure	665,400	(97,014)	568,386	427,766	0	140,620
	<b>Total Operating Costs</b>	<b>7,931,857</b>	<b>(2,095)</b>	<b>7,929,762</b>	<b>8,003,959</b>	<b>0</b>	<b>(74,197)</b>
	<b>Capital Expenditure</b>						
8	Capital Construction	4,800,000	0	4,800,000	4,634,117	0	165,883
9	Capital Purchases	200,000	2,095	202,095	196,793	0	5,302
10	Capital Grants & Transfers	14,903,000	2,380,013	17,283,013	15,877,273	0	1,405,740
	<b>Total Capital Expenditure</b>	<b>19,903,000</b>	<b>2,382,108</b>	<b>22,285,108</b>	<b>20,708,183</b>	<b>0</b>	<b>1,576,925</b>
13	Value Added Tax	1,034,800	0	1,034,800	976,124	0	58,676
	<b>TOTAL EXPENDITURE</b>	<b>28,869,657</b>	<b>2,380,013</b>	<b>31,249,670</b>	<b>29,688,266</b>	<b>0</b>	<b>1,561,404</b>

In 2011, the Cabinet approved the redeployment of \$2,380,013 to Ministry of Provincial Development, Disaster Management and Sugar budget from other Ministries and Department.

#### 17.4 Statement of Losses

The Ministry incurred loss of \$2,000 accountable advance issued to former Permanent Secretary through theft while on his official trip to Switzerland.

In addition, building materials worth \$169,347 was undelivered as at the date of audit (28/08/12) from Ashok's Timber and Hardware (\$31,429) and Central City Hardware (\$137,918). Payments were made in full for these materials.

### PART B - AUDIT FINDINGS

#### 17.5 Overdrawn Operating Trust Fund Accounts

Trust Fund Accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, Trust money is to be accounted for separately from public money and other money,<sup>1</sup> and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.<sup>2</sup>

The Ministry's following ten Operating Trust Fund accounts were overdrawn as at 31/12/11.

**Table 17.3: Overdrawn Operating Trust Accounts**

Allocation	Description	Amount (\$)
1-18201-68999-860101	Security Deposits	18.00
1-18201-68999-860102	Rural Housing Deposits	19,325.86

<sup>1</sup> Financial Management Act 2004 – Section 25 (1)

<sup>2</sup> Finance Circular No. 4/98 of 30/03/98

Allocation	Description	Amount (\$)
1-18101-68999-861902	204 PD DEPST A/C Recoverable	7,282.84
1-18101-91991-861920	501 PD Employees FNPF	14,568.48
1-18201-68999-861920	501 PD Employees FNPF	462.28
1-18201-92991-861920	501 PD Employees FNPF	1,423.92
1-18201-93011-861920	501 PD Employees FNPF	1,262.70
1-18201-93991-861920	501 PD Employees FNPF	6,719.24
1-18201-94991-861920	501 PD Employees FNPF	1,941.84
1-18203-93991-861920	501 PD Employees FNPF	87,555.31
<b>Total Overdrawn</b>		<b>140,560.47</b>

No satisfactory explanation was provided by the Ministry for these overdrawn trust fund accounts. A significant portion of these balances has been carried from previous years.

The overdrawn Operating Trust Fund may have resulted from incorrect journal entries posted by the Ministry. The overdrawn Trust funds are more or less tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

### **Recommendations**

- The Ministry must ensure that trust fund reconciliations are carried out monthly and any variance noted is adjusted accordingly.
- The Ministry must ensure that the Trust Funds are not overdrawn at any time.
- The Ministry must investigate these overdrawn Trust Funds and take appropriate action.
- Internal Control procedures such as supervisory checks in the Accounts Section should be strengthened to avoid such anomaly.

### **Ministry's Comments**

*The reconciliations are carried out on a monthly basis. The Trust Accounts in question have been reconciled and all mis-postings have been adjusted accordingly*

## **17.6 Main Trust Fund Account Variance**

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation shall be signed by the responsible officer. Un-reconciled items must be investigated and resolved promptly.<sup>3</sup>

Our audit of the Main Trust Fund account records noted the following anomalies:

- Variances noted in the Main Trust Fund Account balances between the Ministry's records, general ledger (FMIS) balance, and the bank statement. Refer Table 17.4 below for details.

**Table 17.4: Details of Variances**

Bank Confirmation Balance	General Ledger (FMIS) Bank Balance (\$)	Variance (\$)
1,990,777.71	1,190,191.40	800,586.31

<sup>3</sup> Finance Instructions 2010 – Section 59 (3)

- The Ministry's (Head 18) numerous Main Trust Fund account balances are appearing under the Ministry of I Taukei Affairs (Head 05) which is yet to be adjusted. Refer Table 17.5 below for details:

**Table 17.5: Trust Accounts Mis-posted To Head 5**

Account	Description	Amount (\$)
9-05201-68999-520301	Provincial Development bank balance	(903,038.71)
9-05201-68027-910102	Unclaimed Wages – CCD	(400,483.92)
9-05201-68033-895015	Tender Deposits	27,400.00
9-05201-68034-895015	Tender Deposits	140,355.00
9-05201-68032-895016	Rural Housing Deposits	(500.00)
9-05201-68035-895016	Rural Housing Deposits	(151,384.35)
9-05201-68036-895016	Rural Housing Deposits	36,235.71
9-05201-68037-895016	Rural Housing Deposits	25,886.52
9-05201-68038-895016	Rural Housing Deposits	63,434.92
9-05201-68027-895017	Unclaimed Wages	16,977.56
9-05201-68028-895017	Unclaimed Wages	4,243.57
9-05201-68029-895017	Unclaimed Wages	2,996.20
9-05201-68030-895017	Unclaimed Wages	29,720.40
9-05201-68037-895017	Unclaimed Wages	219.04
9-05201-68032-895018	Community Contributions	113,430.76
9-05201-68032-895019	Elections	16,182.81
9-05205-68011-895020	Pm Relief & Rehab Committee	92,453.69
9-05205-68012-895020	Pm Relief & Rehab Committee	51,426.33
9-05205-68021-895020	Pm Relief & Rehab Committee	26,752.86
9-05205-68022-895020	Pm Relief & Rehab Committee	20,103.54
9-05205-68023-895020	Pm Relief & Rehab Committee	52,488.06
9-05205-68024-895020	Pm Relief & Rehab Committee	28,403.91
9-05205-68025-895020	Pm Relief & Rehab Committee	(30,914.65)
9-05205-68026-895020	Pm Relief & Rehab Committee	(21,840.52)
9-05201-68027-899988	Unclaimed Wages-CCD	(150.39)

- Variance was noted in the Main Trust Fund accounts receipts between the Ministry's records and the general ledger (FMIS) balance. Refer Table 17.6 below for details:

**Table 17.6: Trust Fund Revenue Variances**

Account	Ministry's Figure (\$)	FMIS Figure (\$)	Variance (\$)
Rural Housing Deposits	117,266.00	263,192.59	(145,926.59)
Unclaimed Wages	1,436.23	475,917.13	(474,480.90)
1/3 Contribution – Self Help	64,161.92	107,369.67	(43,207.75)
PM's Relief and Rehabilitation Fund	---	428,714.33	(428,714.33)
Election	---	27,178.00	(27,178.00)
PM's Office Disaster Rehabilitation	1,000,000.00	1,157,080.14	(157,080.14)
Community Contribution	312,623.28	5,604.66	307,018.62
Miscellaneous	---	150.39	(150.39)
<b>Total</b>	<b>1,495,487.43</b>	<b>2,465,206.91</b>	<b>(969,719.48)</b>

Lack of supervisory checks in the Accounts Section has resulted in the above variance.

**Recommendations**

- The Ministry should ensure that monthly reconciliations are carried out properly and accurately. Any variance noted should be investigated and adjusted accordingly.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.
- The Ministry should seek assistance from the Ministry of Finance and liaise with Ministry of I Taukei Affairs in the effort to resolve the above anomalies.

**Ministry's Comments**

*The reconciliations are now carried out on a monthly basis. There were a lot of mispostings due to the change of Ministry's Head from 05 to 18 and most of the balances were misposted by FMIS Section of the Ministry of Finance.*

*We have liaised with Ministry of Finance and Ministry of I' Taukei Affairs and the anomalies have been rectified in April this year.*

**17.7 Negative Expenditure Balances**

All payments, including VAT, must be immediately recorded in the financial management information system and an Expenditure Ledger.<sup>4</sup>

Details of each invoice or other source document for a payment must be promptly and accurately entered into the ledger account it is charged to.<sup>5</sup>

Our audit of expenditure records in the general ledger (FMIS) noted that the following expenditure allocations had negative balances as at 31/12/11:

**Table 17.7: Negative Expenditure Balances**

Account Number	Account Name	Amount (\$)
1-18101-68999-010101	PE Salaries	(21,854.00)
1-18101-68999-020101	Wages	(3,374.89)
1-18101-68999-020399	Other Allowances	(8,530.04)
1-18101-68999-020401	Overtime	(3,000.00)
1-18101-93991-030301	Subsistence	(15.00)
1-18101-68999-040206	Office Postage and Parcel Freight	(920.00)
1-18101-68999-050801	Board Meeting	(9.00)
1-18201-68999-010201	FNPF Basic Salaries	(39,000.00)
1-18201-91991-010201	FNPF Basic Salaries	(88,644.56)
1-18201-68999-020101	Wages	(30.00)
1-18201-91991-020239	General Allowance	(657.76)
1-18201-92991-050801	Board Meeting	(1,284.10)
1-18201-91991-100241	Divisional Development Project	(202,354.52)
1-18201-91991-100202	Disaster Rehabilitation Fund	(55,751.88)
1-18202-93991-010303	Acting Allowance	(27,850.87)
1-18202-92011-100110	Self-Help Projects	(4,924.00)

<sup>4</sup> Finance Instructions 2010 – Section 15

<sup>5</sup> Finance Instructions 2010 – Section 14 (1) (g)

Account Number	Account Name	Amount (\$)
1-18202-99011-100110	Self-Help Projects	(3,078.69)
1-18202-92991-100230	Maintenance of non PWD roads	(495,901.18)
1-18202-68999-100204	Ra Province Irish Crossing	(41,757.08)
1-18202-92991-100208	Alternative Livelihood Project	(196,117.46)
1-18202-68999-100299	Tuieinasolo Access Road	(103,000.00)
1-18203-68999-030301	Subsistence	(77.30)
1-18203-68999-050308	Printing	(2,043.03)
1-18203-68999-050801	Search and Rescue Services	(1,462.70)
1-18203-93991-070308	Special Branch Funds	(924.36)
1-18203-93991-100204	Divisional Development Project	(883.24)
1-18204-68999-010101	PE Salaries	(40,000.00)
1-18204-68999-020239	General Allowance	(684.00)
1-18204-68999-020401	Overtime	(51.56)
1-18204-68999-050801	Search and Rescue Services	(615.00)
1-18204-94991-100205	Community Development Projects	(87,893.40)
1-18301-68999-079999	Misc Special Expenditures	(3,567.30)
1-18301-68999-080103	Upgrading Of Non Cane Access Road	(10,830.14)
1-18301-68999-080199	Upgrading Of Existing Cane Access Road	(19,610.44)
1-18301-93991-080428	Boarding Facilities Primary	(3,150.00)
1-18301-68999-100110	Self Help Projects	(2,464.29)
1-18301-68999-100143	Building Grant – Primary School	(34,000.00)
1-18401-68999-020101	Wages	(39,000.00)
1-18401-68999-020201	FNPF	(25,000.00)
1-18401-68999-040299	Office Upkeep and Supplies	(166.00)
1-18401-68999-040351	R & M Equipment Office	(749.00)
1-18701-99011-010301	Meal Allowance	(2,197.56)
<b>Total</b>		<b>(1,573,424.35)</b>

The Ministry did not investigate these negative expenditure balances or took corrective actions.

Negative expenditure indicated that the Ministry had posted certain transactions during the year in the wrong allocations. The above also indicated ineffective control and lack of supervisory checks in place in the Accounts Section.

Absence of the adequate checks and control could lead to mispostings which could result in accounts balances misstated in the financial statements.

### **Recommendations**

- The Ministry should investigate and take corrective action for the negative expenditure account balances.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

### **Ministry's Comments**

*Cash flow loading for the Ministry was done at the Corporate Cost Centre. However, when we effected payments for the various Div/Dist we use their respective Cost Centre. At the end of the year when reconciliations were carried out, FMIS had locked all the Div/Dist Cost Centers and therefore all adjustment were done at the Corporate Cost Centre resulting in these negative expenditure balances.*

## 17.8 Over-Expenditure

Each year, the Appropriation Act and Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorisation of the Ministry of Finance, pending approval by Cabinet.<sup>6</sup>

The Ministry had incurred over-expenditure in the following allocations:

**Table 17.8: Over – Expenditures**

Account	Description	Revised Estimate (\$)	Actual Expenditure (\$)	Over expenditure (\$)
1-18201-00000-130000	Value Added Tax	39,100.00	40,332.16	-1,232.16
1-18203-00000-010000	Established Staff	584,720.00	641,934.74	-57,214.74
1-18203-00000-020000	Government Wage Earners	111,791.00	115,753.51	-3,962.51
1-18401-00000-010000	Established Staff	22,767.00	116,576.56	-93,809.56
1-18501-00000-010000	Established Staff	103,237.00	245,670.34	-142,433.34
1-18701-00000-010000	Established Staff	49,124.00	199,619.35	-150,495.35
1-18701-00000-020000	Government Wage Earners	0	4,153.20	-4,153.20
<b>Total</b>		<b>910,739.00</b>	<b>1,364,039.86</b>	<b>-453,300.86</b>

Overall SEG 1 *Established Staff* allocation was overspent by \$361,701. Incurring expenditures in excess of the budgetary allocation indicates poor financial management.

In addition, over-expenditure affects the Government's liquidity position and if not controlled, could lead to cash flow problems.

### Recommendations

- The Ministry should strictly adhere to Section 7 of the Finance Instruction 2010.
- The Ministry should ensure that proper planning and monitoring is in place to manage funds wisely and avoid over-expenditure.
- Expenditures should be reviewed against the budget allocation on a monthly basis to avoid over-expenditures.

### Ministry's Comments

*Over-expenditures in SEG 01 was due to the following:-*

- Continuous Acting Appointments and the insufficient Allowance provision*
- Provision of PE Budget for 2 staff in Rural Housing Unit however 3 staff were being paid*
- PE Budget for the DISMAC Unit not corresponding with the staff salaries*
- PE Budget for the Sugar Unit was supposed to be for 6 staff however only Directors salary was accounted for. Furthermore, Sugar Ministry was created mid way through 2012 and the Ministry was paying for 2 Permanent Secretaries then.*

*Over-Expenditures in SEG 02 for the Northern Division was due to the transfer in of (unbudgeted for) staff from Government Supplies Department.*

*Sugar Ministry did not have budget for GWE, however, there was a GWE staff when the Ministry was created thus the over-expenditure*

<sup>6</sup> Finance Instructions 2010 – Section 7

*There is no Over-expenditure in the Goods and Services for the DISMAC unit as a Virement had been approved for this expenditure*

## 17.9 Advance Payment for Undelivered Materials

In circumstances where it is necessary to make an advance payment for goods received through shipment from overseas, and for contractual agreements if stated as such, approval must be sought from the Chief Accountant.<sup>7</sup>

The Ministry made advance payments for the procurement of the building materials for the following capital projects and the tropical cyclone Thomas rehabilitation (phase 2) projects. However, building materials worth \$169,347 was not delivered as at the date of audit (30/04/12).

Refer Tables 17.9 and 17.10 below for details:

**Table 17.9: Items Bought But Not Fully Delivered – Capital Projects**

Date	Cheque Number	Payee	Particulars	Amount Paid (\$)	Items Undelivered Value (\$)
07/10/11	26078	Ashok Timber & Hardware	Materials for Nalotawa Nursing Station	14,359.09	
29/09/11	25846	Ashok Timber & Hardware	Materials For Nuku District School	12,960.84	
		Ashok Timber & Hardware	Materials For Raviravi Community Hall	10,978.67	
<b>Total</b>				<b>38,298.60</b>	<b>31,428.71</b>

**Table 17.10: Items Bought But Not Fully Delivered- Tropical Cyclone Thomas**

Date	Cheque Number	Payee	Particulars	Amount Paid (\$)	Items Undelivered Value (\$)
07/10/11	26078	Central City Hardware Limited	Materials for Tropical Cyclone Tomas Rehabilitation, phase 2	184,000.00	137,918.40

These payments were authorised by the former Manager Rural Housing – Iferemi Dau.

The above anomaly is a breach of Finance Instructions.

### Recommendations

- The Ministry must ensure that payments are only made when goods and services have been received and taken on charge in the inventory ledgers.
- The Ministry should improve its monitoring controls in order to avoid such anomalies in future.
- The Ministry to update the audit on the outcome of the internal investigation.
- Necessary measures must be taken against the implicated officers.

### Ministry's Comments

*No Comments Provided*

<sup>7</sup> Finance Instructions 2010 – Section 14 (8)



## 17.10 Database for Recipients

The Government is committed to improving the lives of the rural people and is adamant to achieve this by putting in places various key rural development policies and strategies. A key part of this strategy is the adoption of the Integrated Rural Development approach where Divisional Commissioners are empowered to coordinate all development activities in their Divisions and the need for all line Ministries to strengthen their programs in terms of planning, implementation, monitoring and evaluation.<sup>8</sup>

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

The Ministry does not have any database or record keeping system for its analysis/decision making or for follow up/tracking of the recipients of capital assistance. Refer Table 17.11 below for details of capital assistance provided by the Ministry for the past six years.

**Table 17.11: Detail of Capital Assistance for the past six years**

Year	Actual (\$)
2011	20,708,183
2010	30,567,977
2009	2,088,463
2008	772,495
2007	1,014,616
2006	653,319

In addition, the Ministry is also not linked to other ministries and department that are providing similar assistance to the public (Ministry of Social Welfare and Women, Prime Minister's Office and Ministry of I Taukei Affairs).

Inadequate database system in place could result in assistance being provided twice or could result in unfair and unequal distribution of the assistance (Division/Province). This could also allow room for abuse and corrupt practice.

### Recommendations

- The Ministry should develop a database to track and monitor its assistance distribution to the respective divisions and provinces. (Division → Province → Tikina → Village → Individuals etc)
- The Ministry should also consider to be linked to other ministries and departments providing similar form of assistance to avoid double assistance provided to the general public.

### Ministry's Comments

*No comments received.*

<sup>8</sup> Standard Operating Procedure - Foreword

## **EASTERN DIVISION**

### **17.11 Technical Expertise in Project Appraisal**

Provincial Administrators and District Officers who are to be assisted by the Public Works Department or other recognised Government Agencies to monitor road works and provide a monthly progress report to the Divisional Commissioners.<sup>9</sup>

The Divisional Offices (Planning and Coordination Cells) and Headquarters (Research and Development Unit) are to monitor road works and provide quarterly reports to the Permanent Secretary respectively.<sup>10</sup>

The Permanent Secretary for Provincial Development upon the request from the Commissioner Eastern Division approved the funding for Lomaivuna High School to construct an access road to the teacher's quarters within the school compound. The project was documented by the Provincial Administrator Naitasiri.

The project was awarded to the Tovelea Pipe Layer & Civil Works Construction Limited for the sum of \$15,600 which was paid on 23/09/11. The completion certificate was signed by the principal of Lomaivuna High School (Project Manager), the community representative and the provincial administrator on 02/09/11.

However, no technical expertise (road engineers) were involved during and after the construction of the access road to inspect the quality of work done.

The non engagement of technical expertise (road engineers) could result in construction of sub standard work (gravelling/drainage) which might require further work/rework in future and this could hinder the socio-economic development process which the Ministry is championing.

#### **Recommendation**

**The Ministry should ensure that an expert opinion is taken on the technical aspects of projects undertaken by the contractors to ensure that works are done properly and meet the specifications required.**

#### **Ministry's Comments**

*No Comments received.*

### **17.12 Qilai Access Road**

The Divisional Commissioners are to issue Purchase Order based on the RIE approval and contractual agreement to the respective Provincial Administrator within two weeks upon receipt of Departmental Warrant.<sup>11</sup>

All system generated purchase orders, indents and other commitments of funds must be recorded in the financial management information system and a commitment ledger immediately after they have been approved.<sup>12</sup>

<sup>9</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.2

<sup>10</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.3

<sup>11</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 7.2

<sup>12</sup> Finance Instructions 2010 – Section 13

The DEC/DNR is the technical expertise and advisors of such works to the Permanent Secretary for Provincial Development and Natural Disaster office, the Commissioner Central Division, the Director Development Unit and the Provincial Administrator Namosi. The Contractor shall carry out the upgrading works in accordance with the DEC/DNR Engineers requirements for such works under the scope of work issued.<sup>13</sup>

The Divisional Offices (Planning and Coordination Cells) and Headquarters (Research and Development Unit) are to monitor road works and provide quarterly reports to the Permanent Secretary respectively.<sup>14</sup>

The construction of the Qilai Access road was awarded to Chand Truckers at a sum of \$40,000. Our audit of the project records noted the following anomalies:

- The Department Warrant (DW) referenced MPD 174/11 was issued on 22/08/11 whilst the Local Purchase Order (LPO) was issued on 05/10/11, lapse of 6 weeks.
- The project was not monitored during the construction phase and was left to after the completion.
- The Provincial Administrator Namosi authorised the contractor to progress with second and third phase of the project without requesting Headquarters to issue an LPO. Refer Table 17.12 for details.

**Table 17.12: Payment Made Without LPO.**

Date	Cheque No	Payee	Particulars	Amount (\$)
25/10/11	25090	Chand Truckers	The upgrading of Qilai Access Road – Phase 2 &3	20,000

The Acting Manager Finance revealed that the payment was authorised by the former Director Development (Tevita Boseiwaqa) and that no LPO was raised.

The above indicated that the Ministry failed to comply with the standard procedure requirements in commencing and monitoring projects, on an ongoing basis. Also lack of awareness by the Provincial Administrators resulted in commencement of the second/third stages of the construction without issuing an LPO.

Lack of ongoing monitoring and no technical expertise (road engineers) could result in substandard road construction.

### **Recommendations**

**The Ministry must ensure that:**

- **LPO's are raised within 2 weeks from receiving the Department Warrant.**
- **Projects are monitored and progressive reports maintained for all projects undertaken.**
- **LPO's are raised before any services are rendered.**
- **A formal notification is made to all the District Officers and Provincial Administrators on the need to follow proper procedures for all works administered by them.**

<sup>13</sup> Contract agreement Section 7 – Divisional Engineer Central Input

<sup>14</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.3

**Ministry's Comments**

*No Comments received.*

**17.13 Anomalies Noted For Ratu Mara College and Cicia High School**

A Contractual Agreement where appropriate is to be signed between the Divisional Commissioners Office and the approved contractor or recognised carpenter approved by Divisional Commissioners.<sup>15</sup>

The Divisional Offices (Planning and Coordination Cells) and Headquarters (Research and Development Unit) are to monitor projects and provide quarterly reports to their respective Divisional Commissioners and Permanent Secretary.<sup>16</sup>

The project will be monitored by the office of the Provincial Administrator Lau, the Education Officer Lau, the College Management and the Principal of the school.<sup>17</sup> The Divisional Commissioners are to issue Purchase Orders based on the RIE approval to the respective Provincial Administrator within two weeks of receipt of Departmental Warrant.<sup>18</sup>

The following projects records were examined during the audit.

**(1) Ratu Mara College**

The Ministry provided the financial assistance to Ratu Mara College for the maintenance of the 10 staff quarters under its building grant (secondary school) program 2011. Refer Table 17.13 for details:

**Table 17.13: Materials purchased For Ratu Mara College**

Date	Cheque No	LPO Number	Payee	Particulars	Amount (\$)
25/09/11	7339	94991-000-593	Vinod Patel	Payment of project materials for upgrading of Ratu Mara College	37,074

Our audit of the project records noted the following anomalies:

- No contractual agreement was made between the Ministry, the school management and the carpenter doing the job.
- The Department Warrant (DW) referenced MPD 110/11 was released on 15/06/11 whilst the LPO was issued on 07/07/11, thus a lapse of three weeks.
- No monitoring report was submitted by the Provincial Administrator, Principal Education Officers to the Commissioner's Office.
- No material estimation was done by the Rural Housing Unit.
- No scope of work (stage breakdown) was prepared.

**(2) Cicia High School**

Cicia High School, located in Mabula Village in the Lau Group was provided assistance for repairs and maintenance of boarding facilities for \$23,945.80 in 2011. Refer Table 17.14 for details:

<sup>15</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.3.

<sup>16</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 9.3.

<sup>17</sup> Capital Project Profile For Ratu Mara College, page 2

<sup>18</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.2.

**Table 17.14: Materials purchased For Cicia High School**

Date	Cheque No	LPO Number	Payee	Particulars	Amount (\$)
08/09/2011	7363	94991-000-619	Kasabias Limited	Payment of project materials for Cicia High School repairs	23,945.80

Our audit of the project records noted the following anomalies:

- No contractual agreement was made between the ministry, the school management and the carpenter doing the job.
- No monitoring report was submitted by the Provincial Administrator, Principal Education Officers to the Commissioner's Office.
- No material estimation was done by the Rural Housing Unit.
- No scope of work (stage breakdown) was prepared.

The above anomalies indicate poor planning and monitoring process in place by the Ministry. Failure to enter in the written contractual agreement or memorandum of understanding reflects laxity by the Ministry which could be detrimental in enforcing the rights and interest of the Ministry if necessitated.

Improper planning, costing, execution and monitoring of the projects could result in misappropriation of the building materials or materials being used for unintended purpose and even damage/wastage resulting from engagement of inexperienced carpenter(s).

### **Recommendations**

- The Ministry must ensure that proper agreements are made between the contractor/carpenter to ensure that the interest of the Ministry is protected.
- The Ministry should improve its planning process and ensure that all the projects are to commence on time and completed within the planned year.
- The Ministry must ensure that projects are monitored regularly and benchmarked against the scope of works. Any discrepancies should be reported to the Commissioner and the Permanent Secretary.

### **Ministry's Comments**

*Ratu Mara College & Cicia College: We agree that no contractual agreement was made as the work was undertaken by the school management on the understanding that the work was going to be completed under their capacity as monitoring of works by the Provincial Administrator Lau will be liable to transportation availability. The work had been duly completed as of the scope of work provided by the Rural Housing Unit.*

*Strengthening contractual agreements in projects above \$5,000 is being ensured to be part of the process of project submissions.*

*The late release of Purchase Order was due to the fact that a check list with the Accounts section was to be met by the project papers to ensure that financial guidelines are met before funding proper.*

*Monitoring of projects are ensured with the school management and office of the Provincial Administrator Lau can only be available upon availability of transport as the office is in Suva.*

## 17.14 Non Execution of Capital Project – Talaulia Nursing Station

A tender must be called for the procurement of goods, services or works valued at \$30,001 and more.<sup>19</sup>

If it is impractical to comply with regulation 30 sub regulation (1) in relation to the provision of urgent infrastructure development and services, the Minister for Finance may on this basis exempt such particular infrastructural services from complying with regulation 30 sub regulation 1.<sup>20</sup>

In the 2011 budget, \$110,000 was provided for the construction of the Talaulia Nursing Station. The following quotes were obtained:

1. RFMF Engineers - \$105,792.13
2. PWD - \$216,993.00

The project was awarded to RFMF Engineers. The following anomalies were noted:

- In accordance with the procurement limit no tender was called to allow private firms to bid for the project. Instead Ministry obtained the waiver of the tender process from the Minister of Finance on 18/04/11 to allow the project to progress without any delays.
- A Requisition to Incur Expenditure (RIE) as per RIE warrant 250/11 was approved on 20/05/11 by the Ministry of Finance for the construction of the Talaulia Nursing Station under the allocation 11820468999100204.
- FMIS verification revealed that only a single posting amounting to \$546 relating to fuel expenditure was made in the above allocation. This is deemed to be a misposting.
- According to the memorandum of understanding the work was estimated to be completed within 108 days. However as at the date of audit (29/02/12) the project has not commenced and no carryover of the funds was applied resulting in return of all the left over funds to Ministry of Finance.

The above indicated laxity and lack of commitment by the Ministry to follow up with RFMF on the commencement and the progress of the project.

Failure to do so has resulted in return of the balance of funds (\$109,453) to Ministry of Finance with no carryover of funds to 2012 being applied. This could affect the service delivery of the Ministry and cause further inconvenience to the nurses residing at Talaulia.

### **Recommendations**

- The Ministry should ensure that proper follow ups and monitoring are done to ensure that projects are completed within the agreed timeframe.
- Any delays or discrepancies from the agreed scope of work should be reported to the Commissioner and the Permanent Secretary.
- Open tenders must be called for procurements above \$30,001 to allow for transparency in selecting the best available contractor to carry out the work.

<sup>19</sup> Procurement Regulations 2010 – Section 30 (1)

<sup>20</sup> Procurement Regulations 2010 – Section 48 (4)

**Ministry's Comments**

*This PSIP project was re-prioritized for a work boat for Kadavu with the \$110,000 that was provided in the budget for 2012. The request was not approved by the PM.s office. Fund had been returned to MOF.*

**17.15 Non Completion of Vunisea Hospital Quarters**

A Contractual Agreement is to be developed and signed between the Divisional Commissioners office and the implementing agency.<sup>21</sup>

Monitoring is to be conducted by the Provincial Administrators and the respective District Officers/ Assistant District Officers on a regular basis and provide progressive reports to the Divisional Commissioners on a monthly basis.<sup>22</sup>

Duration of the work is 16 weeks including two weeks pre construction and advance purchasing of materials.<sup>23</sup>

A tender must be called for the procurement of goods, services or works valued at \$30,001 and more.<sup>24</sup>

If it is impractical to comply with regulation 30 sub regulation (1) in relation to the provision of urgent infrastructure development and services, The Minister for Finance may on this basis exempt such particular infrastructural services from complying with regulation 30 sub regulation 1.<sup>25</sup>

The Vunisea Nursing Station was part of the Ministry's Public Sector Investment Programme (PSIP) for the 2011 capital budget with a provision of \$400,000. The project was allocated to the Public Works Department (Central Division).

On 13/09/11 the payment of \$464,693 (cheque number 7376) was made to Public Works Department for the construction of a 1 x 4 maisonette staff quarters at the Vunisea Hospital.

Our audit of the project records noted the following anomalies:

- no tender was called to allow private firms to bid for the project. Furthermore, audit was unable to ascertain if the waiver of the tender process was obtained from the Minister of Finance as no documents were provided during the audit.
- no formal agreement or memorandum of understanding was in place for the construction of these quarters between PWD and the Commissioner Central's Office.
- Payment amounting to \$464,693 was made to PWD. An additional sum of \$75,093 was vired out from the Totoya Nursing Station (PSIP) project to meet the shortfall.
- There was no monitoring or status reports furnished on the progress of the work done by the PWD and the District Officer Kadavu.
- The project was still in progress as at the date of audit on 29/02/12. Our verification at Vunisea Hospital revealed that approximately 25% of the work such as plumbing, plastering, painting and

<sup>21</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 7.2

<sup>22</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.1

<sup>23</sup> Memorandum dated 20/06/11

<sup>24</sup> Procurement Regulations 2010 – Section 30 (1)

<sup>25</sup> Procurement Regulations 2010 – Section 48 (4)

electrical works were still pending. However no carryover of the funds was applied resulting in return of all the left over funds (\$92,348) to Ministry of Finance.

Failure to enter in the written contractual agreement or memorandum of understanding reflects laxity on the part of the Ministry which could be detrimental in enforcing the rights and interest of the Ministry if necessitated.

In addition, failure to call for a tender or obtain the alternate waiver approval from the Minister of Finance could result in the uneconomical engagement of the contractor at the expense of the public funds.

Prolong delay in completing the project and by not monitoring and providing the monthly progress reports could result in extravagant expenses (labour cost) and also affect the service delivery of the Ministry.

### **Recommendations**

- **The Ministry must ensure that contracts and memorandum of understandings are drawn up for all capital works and that all important matters pertaining to the funding, timeframe and completion of the works are addressed.**
- **The Ministry must ensure that projects are followed up once funding is released and ensure that progressive reports are submitted to the Commissioner/Permanent Secretary on an ongoing basis.**
- **Open tenders must be called for procurements above \$30,001 to allow for transparency in selecting the best available contractor at the most economical cost to carry out the work.**

### **Ministry's Comments**

*This PSIP project was given to the Ministry of Works for implementation. An amount of \$464,693 was provided to the ministry for the construction of nurse's quarters at Vunisea Hospital. No contractual agreement was made as the agency was also a government hand.*

*Upon construction, neither formal report nor information on the construction was provided by the Ministry of Works notifying the organisation as to the fiscal status and progress of works.*

*Unused funds were returned by the Ministry of Works to Ministry of Finance without notifying the organisation and the request for a rollover of funds to 2012 was late and was not approved by MOF. A request by the Ministry of Works to complete the work within their budget for 2012 was also not approved.*

*Consultations and negotiations have been under way for the completion of works already in place.*

## **17.16 Improper Project Management of the Lovoni Irish Crossing**

A Contractual Agreement is to be developed and signed between the Divisional Commissioners office and the implementing agency.<sup>26</sup>

Monitoring is to be conducted by the Provincial Administrators and the respective District Officers/ Assistant District Officers on a regular basis and provide progressive reports to the Divisional Commissioners on a monthly basis.<sup>27</sup>

A tender must be called for the procurement of goods, services or works valued at \$30,001 and more.<sup>28</sup>

<sup>26</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 7.2

<sup>27</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.1



If it is impractical to comply with regulation 30 sub regulation (1) in relation to the provision of urgent infrastructure development and services, The Minister for Finance may on this basis exempt such particular infrastructural services from complying with regulation 30 sub regulation 1.<sup>28</sup>

The need for the construction of the Lovoni irish crossing was identified during the Prime Minister's visit in April 2010. The project was to be located in the village of Vunivisau and Tukuta to enable proper access to villages, road, farms and schools. The contract of the project was awarded to PWD.

Our audit of the project records noted the following anomalies:

- no contractual agreement or memorandum of understanding was in place to set out the terms, conditions, procedures and regulations to govern the successful completion of the project.
- no tender was called to allow private firms to bid for the project. Audit could not ascertain from the available records if the waiver of the tender process was obtained from the Minister of Finance.

Failure to enter in the written contractual agreement or memorandum of the understanding reflects laxity on the part of the Ministry which could be detrimental in enforcing the rights and interest of the Ministry if necessitated.

In addition, failure to call for a tender or obtain the alternate waiver approval from the Minister of Finance could result in the uneconomical engagement of the contractor at the expense of the public funds.

### **Recommendations**

- **The Ministry must ensure that contracts and memorandum of understandings are drawn up for all capital works and that all important matters pertaining to the funding, timeframe and completion of the works are addressed.**
- **The Ministry must ensure that projects are followed up once funding is released and ensure that progressive reports are submitted to the Commissioner/Permanent Secretary on an ongoing basis.**
- **Open tenders must be called for procurements above \$30,001 to allow for transparency in selecting the best available contractor at the most economical cost to carry out the work. In case no suitable bid for the project is received or due to unforeseen urgency then the approval for waiver of tender from the Minister of Finance should be sought.**

### **Ministry's Comments**

*No contractual agreement was made between the Department and the PWD on the understanding that the implementing agency was also a government agency. In the process of construction the Provincial Administrator Lomaiviti is on site to see the progress and the proper management of the work done.*

*Waiver of Tender was not sought prior to implementation. Consideration has been taken to be able to follow all financial procedures in future capital projects.*

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<sup>28</sup> Procurement Regulations 2010 – Section 30 (1)

<sup>29</sup> Procurement Regulations 2010 – Section 48 (4)

### 17.17 Delana Methodist High School – Teachers Quarters

A Contractual Agreement where appropriate is to be signed between the Divisional Commissioners Office and the approved contractor or recognised carpenter approved by Divisional Commissioners.<sup>30</sup>

The Divisional Offices (Planning and Coordination Cells) and Headquarters (Research and Development Unit) are to monitor projects and provide quarterly reports to their respective Divisional Commissioners and Permanent Secretary.<sup>31</sup>

The project will be monitored by the office of the Provincial Administrator Lau, the Education Officer Lau, the College Management and the Principal of the school.<sup>32</sup> The Divisional Commissioners are to issue Purchase Orders based on the RIE approval to the respective Provincial Administrator within two weeks of receipt of Departmental Warrant.<sup>33</sup>

The Ministry approved the grant allocation for the construction of the Delana Methodist High School principal's quarters (36' x 24') concrete structure comprising three bedrooms with kitchen, living room, toilet, bathroom, laundry area and veranda complete with plumbing and electrical reticulation system.

The Ministry contracted Delaibau Builders to carry out the construction work.

Refer Table 17.15 for payment details:

**Table 17.15: Materials purchased for Delana Methodist High School**

Date	Cheque No	LPO Number	Payee	Particulars	Amount (\$)
26/09/11	7433	94991-000-545	Kasabias Limited	Payment of materials for the repair of Delana Methodist High School Principal Quarters.	28,193.71
08/07/11	6990	--	Delaibau Builders	Delana High School construction stage 1 payment.	3,300.00

Our audit of the payment records noted the following anomalies:

- The Department Warrant (DW) referenced MPD 76/11 was released on 27/04/11 whilst the LPO was issued on 09/06/11, thus lapse of nearly 6 weeks.
- Building materials have been delivered and the building site has been levelled.
- The selection process of the contractor could not be ascertained as no information was made available or filed in the project files.
- Advance payment of \$3,300 was made to Delaibau Builders as per the contract agreement.
- The actual construction work was yet to commence.
- No follow up action was taken on the contractor for the reimbursement of the advance sum or completion of the project.

<sup>30</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.3.

<sup>31</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 9.3.

<sup>32</sup> Capital Project Profile For Ratu Mara College, page 2

<sup>33</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.2.

The above indicated a lack of commitment and coordination by the Ministry in ensuring that proper procedures are followed in the appointment of the contractor and monitoring the progress of the project. This could result in loss of public funds, misuse of the building materials already delivered to the site and the service delivery of the Ministry.

### **Recommendations**

- **The Ministry should provide justification on selecting/engaging the contractor (Delaibau Builders) for the above project. Also follow up on the refund of the \$3,300 (advance payment) or make arrangement on the completion of the project (immediately).**
- **The Ministry should also provide justification for lack of monitoring and delay in commencement of the project.**
- **Stringent measures should be in place to ensure that such situation does not repeat in future.**
- **The matter should be reported to the Police.**

### **Ministry's Comments**

*A contractual agreement was signed between the office of the Commissioner Eastern, the Contractor and the School Management on the repairs and construction works to be done at Delana Methodist High School.*

*In the agreement and initial payment of \$3,300 was to be paid to the contractor for his preparation purposes and to assist with his labourers transportation costs. There was no proper selection process to appoint the contractor but due to the urgent need to have the project implemented; selection was made on the contractor's ability to take up the job.*

*Only one payment was done to the contractor but the second and the third payments are yet to be paid.*

*An effort to obtain an explanation from the contractor on the issue regarding the non-completion of the project and also the safety of building materials was unsuccessful.*

## **17.18 Anomalies Noted For Saint John Teachers Quarters**

The Provincial Administrator Lomaiviti will make application to the Health Inspector Lomaiviti for permission to construct new building.<sup>34</sup>

A Contractual Agreement where appropriate is to be signed between the Divisional Commissioners Office and the approved contractor or recognised carpenter approved by Divisional Commissioners.<sup>35</sup>

The Divisional Offices (Planning and Coordination Cells) and Headquarters (Research and Development Unit) are to monitor projects and provide quarterly reports to their respective Divisional Commissioners and Permanent Secretary.<sup>36</sup>

The Ministry provided assistance to the Saint John College for the upgrading of sixteen existing quarters and the construction of a two bedroom teachers quarters (30x20 feet) with timber structure, toilet/bathroom, open living room and veranda fully installed with water and electrical reticulation.

<sup>34</sup> Contract Agreement between the Commissioner Eastern; the school management of Delana Methodist High School and the Contractors Delaibau Builders on the Construction of Teachers Quarters at Delana Methodist High School dated 08/06/2011, Clause 3(2)

<sup>35</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.3.

<sup>36</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 9.3.

The Ministry contracted Delaibau Builders to carry out the construction work. Refer Table 17.16 for payment details:

**Table 17.16: Materials Purchased/Cartage for Saint John College Teachers Quarters**

Date	Cheque No	Payee	Particulars	Amount (\$)
20/07/2011	7157	Kasabia	Payment of materials for the <u>construction</u> of Saint John College teacher's quarters.	24,450.80
07/07/11	7096	Vinod Patel	Payment of materials for the <u>repair</u> of Saint John College teacher's quarters.	29,986.27
06/09/11	7354	Kasabias	Additional materials for Saint John teachers quarters	432.30
29/06/11	7069	Vinod Patel	Being payment of cartage cost for saint john teachers quarters repairs	3,550.00
22/09/11	7421	Kasabia	Being payment of cartage cost for saint john college/Delana Methodist teacher's quarters.	12,300.00
09/06/11	6992	Delaibau Builders	St John College Levuka construction of teacher quarters and renovation of stage 1	6,600.00
08/07/11	7097		St John College Levuka construction of teacher quarters and renovation of stage 2	6,600.00
06/09/11	7353		Being payment of labour cost for wiring works carried out at the new teacher's quarters.	1,170.00
09/09/11	7367		Being payment of the idle labour cost for the works temporary stopped by the health officer.	4,200.00
07/11/11	7567		St John College Levuka construction of teacher quarters and renovation of stage 3	6,800.00
Total				96,089.37

Our audit of the project records noted the following anomalies:

- Selection process of the contractor could not be ascertained as no information was made available or filed in the project files.
- Idle labour a charge amounting to \$4,200 was paid to Delaibau Builders resulting from the works being temporary stopped by the Health Inspector (Levuka).
- The Provisional Administrator failed to obtain the necessitated approval from the Health Office Levuka prior to the commencement of the construction.
- The final payment amounting to \$6,800 was settled with the contractor despite not obtaining the completion certificate.
- Our conversation with the Saint John College principal (Father Manu) revealed that the following task were not completed by the contractor:
  - Water Supply to be connected;
  - Power supply not connected;
  - Construction of safety railings for verandah, with proper walkway due to elevation and ground condition
  - 2m ground clearance from verandah, hillside direction
  - Minor finishing work.

The Ministry failed to obtain prior proper approvals from the Health authorities which resulted in idle labour charge of \$4,200 and settlement of the full payment without obtaining the certificate of completion.

### **Recommendations**

- **The Ministry must ensure that the proper approvals are obtained from the relevant authorities such as Health Office prior to commencing any projects in future.**
- **The Ministry should provide explanation for not obtaining the proper approvals, ensuring the completion of the project and alternatively utilising the contractor for Delana Methodist High School project.**
- **The Ministry should follow up with the contractor to reimburse the overpaid sum or recover from the responsible officers.**

### **Ministry's Comments**

*An extra amount of \$4,200 was paid to the contractor on the claim that his labourers were idle for a period of two weeks when the health Inspector stopped further construction works as the land issue for the site was not ready. According to the Contractor he was not at fault and the extra idle time for his labourers was to be met by the Department. For the anomalies created during the course of work, an officer had been sent to the site to do an investigation and gather all information in relation to the unfinished work and recommend for other options to be undertaken by the department.*

*A report had already been submitted and the department is working on the recommendations by the investigating officer. Efforts to get the contractor's explanation had been unsuccessful.*

## **NORTHERN DIVISION**

### **17.19 Anomalies noted for Road Projects**

Provincial Administrators and District Officers who are to be assisted by the Public Works Department or other recognised Government Agencies to monitor road works and provide a monthly progress report to the Divisional Commissioners.<sup>37</sup>

The Divisional Planning and Coordination Cell will compile a consolidated list of priority road projects for Divisional Commissioners consideration and endorsement before submission to the Permanent Secretary for final approval on 15<sup>th</sup> November for the following financial year.<sup>38</sup> Once approved, the tender processes are to be activated where necessary.<sup>39</sup>

Land consent should be acquired first before the project is prioritised.<sup>40</sup> The project proposal forms are to be received by the Provincial Administrator or District Officers by no later than 30<sup>th</sup> July every year for the next financial year.<sup>41</sup>

After receiving the project proposals from the applicants, the Provincial Administrators/District Officers will vet to ensure that all information is captured in the submitted documents.<sup>42</sup>

The procurement authorities delegated to the Permanent Secretaries and the Government Tender Board when procuring goods, services or works are as follows:<sup>43</sup>

<sup>37</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.2

<sup>38</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 6.1

<sup>39</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 6.2

<sup>40</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 4.3

<sup>41</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 4.2

<sup>42</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 5.1

Responsible Authority	Procurement Limits
Permanent Secretaries	\$30,000 and less
Government Tender Board	\$30,001 and more

The limits in sub-regulation (1) above, applies to the total value of goods, services or works to be obtained from a single supplier or consortium for a particular project or contract.<sup>44</sup>

Any procurement of goods, services or works shall be issued so as to promote the following principles-

- Value for money;
- Maximise economy and efficiency and ethical use of government resources;
- Promote open and fair competition amongst suppliers and contractors;*
- Promote the integrity of fairness and public confidence in the procurement process; and
- Achieve accountability and transparency in the procedures relating to procurement.<sup>45</sup>

A minimum of three competitive quotes must be obtained for the procurement of goods, services or works valued at \$100 or more but \$30,000 and less.<sup>46</sup>

The following non cane access road projects records were scrutinised during the audit:

**(1) Saolo Farm Road**

The Saolo Farm Road in Wainunu District (Bua Province) was assisted under the non cane access program in 2011. The construction (5km) work involved mobilization, pushing heavy bush, cut down hill, drainage, gravelling, compacting and installing culverts. Refer Table 17.17 below for payment details:

**Table 17.17: Total Payments for Saolo Farm Road**

Date	Cheque Number	LPO Number	Particulars	Amount (\$)
06/10/11	13006	93821000153	Payment made for the upgrading of Saolo Farm Road -Stage 1	16,000.00
25/10/11	13125	93821000154	Payment made for the upgrading of Saolo farm road -Stage 2	11,200.00
29/12/11	13623	93991001081	Payment made for the upgrading of Saolo farm Road -Stage 3	19,304.70
29/12/11	13623	93821000162	Payment made for the upgrading of Saolo farm Road -Stage 4	19,002.70
30/12/11	26777		Payment made for the Retention cost for Saolo farm Road	7,278.00
<b>Total Cost</b>				<b>72,785.40</b>

Our audit of the project records noted the following anomalies:

- The request for project assistance (project proposal form) was submitted on 15/06/11. This was contrary to Ministry's standard operating procedure (section 4.2) guideline governing the provision of assistance to the recipients.
- The project was approved and awarded to Kashmir Transport Company. The project commenced in September and was completed in December 2011. However audit noted that the stage 4 (final) was not endorsed by the RFMF Engineer and the Commissioner Northern. In addition, the release of the retention fund (10%) was not endorsed by the RFMF Engineer.

<sup>43</sup> Finance Instruction 2010 – Section 11 (1)

<sup>44</sup> Finance Instruction 2010 – Section 11 (2)

<sup>45</sup> Procurement Regulations 2010 – Section 3

<sup>46</sup> Procurement Regulations 2010 – Section 29 (1)

- No tender was called to allow potential contractors to bid for the project. Instead the contract was awarded to Public Works Department contractor Kashmir Transport Company.
- The Divisional Engineer Northern Office confirmed that the plants, equipments and vehicles were hired from Kashmir Transport Company in accordance with tender board approval (CTN 234/08) for road sealing, re-sealing and routine maintenance for PWD roads.
- On evaluation of the tender approval CTN 234/08 it was noted that there were range of service providers and that Kashmir Transport Company was not the sole supplier/contractor.

**(2) Seavaci/Balawaviriki/Korotasere Farm Road**

The Seavaci/Balawaviriki/Korotasere farm road in Vaturova District (Cakaudrove Province) was assisted under the Ministry's non cane access road program in 2011. The construction (11km) works involved cutting of bends, trimming of hills, widening of roads and drainage. Refer Table 17.18 below for payment details.

**Table 17.18: Total Payments For Seavaci/Balawaviriki/Korotasere Road**

Date	Cheque Number	LPO Number	Particulars	Amount (\$)
21/09/11	12926	93991000978	Payment made for upgrading of Seavaci/Balawaviriki/Korotasere Road-Stage 1	22,100
26/09/11	12949	93991000995	Payment made for the upgrading of Seavaci/Balawaviriki/Korotasere Road -Stage 2	23,200
18/10/11	13084	93991001012	Payment made for the upgrading of Seavaci/Balawaviriki/Korotasere Road -Stage 3	13,000
25/10/11	13123	93991001074	Payment made for the upgrading of Seavaci/Balawaviriki/Korotasere Road -Stage 4	9,200
30/12/11	26777		Payment made for the Retention cost for Seavaci/Balawaviriki/Korotasere Road	7,500
<b>Total Cost</b>				<b>75,000</b>

The following anomalies were noted:

- The request for project assistance (project proposal form) was not endorsed by the applicant, community leader, Provincial Council and the Divisional Commissioner.
- No evidence of the consent obtained from the landowners prior to the commencement of the construction work.
- No tender was called to allow potential contractors to bid for the project. Instead the contract was awarded to Public Works Department contractor Everest Investment Ltd.
- The Divisional Engineer Northern Office confirmed that the plants, equipments and vehicles were hired from Everest Investment Ltd in accordance with CTN 234/08 for road sealing, re-sealing and routine maintenance for PWD roads.
- On evaluation of the tender approval CTN 234/08 it was noted that there were range of service providers and that Everest Investment Ltd was not the sole supplier/contractor.

**(3) Batinisalaivanua/Nasolo Farm Road**

The Batinisalaivanua and Nasolo farm road in Bua Province was assisted under the Ministry's non cane access road program in 2011. The construction work involved clearing, gravelling, laying culverts, drainage, levelling and compaction. Refer Tables 17.19 and 17.20 below for payment details.

**Table 17.19: Total Payments for Batinisalaivanua Farm Road**

Date	Cheque Number	LPO Number	Particulars	Amount (\$)
19/08/11	12775	93821000136	Payment made for upgrading of Batinisalaivanua Road-Stage 1	8,500
26/08/11	12505	93821000141	Payment made for the upgrading of Batinisalaivanua Road -Stage 2	8,500
31/08/11	12833	93821000150	Payment made for the upgrading of Batinisalaivanua Road -Stage 3	7,500
<b>Total Cost</b>				<b>24,500</b>

**Table 17.20: Total Payments for Nasolo Farm Road**

Date	Cheque Number	LPO Number	Particulars	Amount (\$)
19/08/11	12775	93821000137	Payment made for upgrading of Nasolo Road-Stage 1	4,250
26/08/11	12805	93821000142	Payment made for the upgrading of Nasolo Road -Stage 2	12,750
31/08/11	12533	93821000149	Payment made for the upgrading of Nasolo Road -Stage 3	4,250
<b>Total Cost</b>				<b>21,250</b>

Our audit of the project records noted the following anomalies:

- The request for project assistance (project proposal form) was endorsed by the applicant, however no date was stated. The project was approved on 22/06/11 contrary to Ministry's standard operating procedure (section 4.2) guideline governing the provision of assistance to the recipients.
- In accordance with the procurement limit no competitive quotes were obtained. Instead the contract was awarded to Public Works Department contractor Kashmir Transport Company.
- The Divisional Engineer Northern Office confirmed that the plants, equipments and vehicles were hired from Kashmir Transport Company in accordance with CTN 234/08 for road sealing, re-sealing and routine maintenance for PWD roads.
- On evaluation of the tender approval CTN 234/08 it was noted that there were range of service providers and that Kashmir Transport Company was not the sole supplier/contractor.

The above indicates that the Ministry failed to comply with its standard operating procedure requirements in selecting and evaluating the project proposals prior to commencing it. All the above projects were received during the year; hence there was inadequate time to go through normal tender process.

Failure to obtain prior approval from Ministry of Finance/Fiji Procurement Office indicates blatant disregards of the governing procedures on procurement of services. This could allow room for



collusion or unfair opportunities to other similar service providers and uneconomical service engagement.

### **Recommendations**

- The Ministry must comply with its standing operating guidelines and ensure that all the projects assisted during the year are; received in previous years, well evaluated and coordinated.
- The Ministry should comply with the provisions of procurement regulations and obtain tender board's approval prior to engaging the service of the contractors.
- In case of emergency work, the Ministers (Ministry of Finance) waiver approval should be sought.

### **Ministry's Comments**

*The release of payment was based on verbal endorsement by the RFMF Engineer because he was always out in the field most of the time, and we forgot to update him on the signing of completion certificate after the tour. Recommendation noted.*

*The selections of contractors were based according to the DE Roads list of contractors as per tender CTN 234/08. The awarding of contracts at the Commissioner's Office was based according to the capabilities of the company.*

*The Commissioner's office is now in the process of finalizing all tender processes by September 2012 for next year's projects.*

*Recommendations above are noted, and will improve our planning process for next year's implementation*

## **17.20 Building Grants**

The scheme will operate in partnership with the school where the school management is expected to contribute in kind to be determined by the Divisional Commissioners.<sup>47</sup>

The Divisional, relevant Provincial Education Officers and the school Management Boards are to be advised soon after approval is granted and the latter to mobilise their in kind contribution as agreed to with the Divisional Commissioners.<sup>48</sup>

The procurement authorities delegated to the Permanent Secretaries and the Government Tender Board when procuring goods, services or works are as follows:<sup>49</sup>

Responsible Authority	Procurement Limits
Permanent Secretaries	\$30,000 and less
Government Tender Board	\$30,001 and more

The limits in sub-regulation (1) above, applies to the total value of goods, services or works to be obtained from a single supplier or consortium for a particular project or contract.<sup>50</sup>

The following projects were scrutinized during the audit:

<sup>47</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 2.4

<sup>48</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.1

<sup>49</sup> Finance Instruction 2010 – Section 11 (1)

<sup>50</sup> Finance Instruction 2010 – Section 11 (2)

**(1) Uluivalili Secondary School Site**

In 2011, the Ministry provided the financial assistance of \$120,000 to Uluivalili Secondary School for clearing, leveling, compacting, gravelling and laying culverts for new school site. The contract was awarded to Kashmir Transport Company. Refer Table 17.21 below for payment details.

**Table 17.21: Total Payments for Levelling of Uluivalili Secondary School Site**

Date	Cheque Number	LPO Number	Particulars	Amount (\$)
08/09/11	12862	93991000915	Payment for site levelling and clearing of Uluivalili Secondary School playground Stage 1	30,000
27/09/11	12955	93991001001	Payment for site levelling and clearing of Uluivalili Secondary School playground Stage 2	30,000
08/11/11	13210	93991001022	Payment for the upgrading of Uluivalili Secondary School playground Stage 3	30,000
23/11/11	13315	93991001113	Payment for the completion of job for Uluivalili Secondary School Stage 4	30,000
<b>Total Cost</b>				<b>120,000</b>

Our audit of the project records noted the following anomalies:

- No tender was called to allow potential contractors to bid for the project. Instead the contract was awarded to Public Works Department existing contractor Kashmir Transport Company.
- On evaluation of the tender approval CTN 234/08 it was noted that there were range of service providers and that Kashmir Transport Company Limited was not the sole supplier/contractor.

**(2) Nabua Primary School**

Building materials worth \$20,561.90 were provided to Nabua Primary School in 2011 for the maintenance and renovation of its school building. The following anomalies were noted:

- No contractual agreement was made between the Ministry, the school management and the carpenter doing the job.
- No scope of work (stage breakdown) was prepared to benchmark the progress.
- It could not be ascertain from the available records if the school management contributed towards the upgrading of the school.

Failure to enter in the written contractual agreement or memorandum of understanding reflects laxity by the Ministry which could be detrimental in enforcing the rights and interest of the Ministry if necessitated.

Improper planning and coordination by the Ministry has resulted in engagement of PWD approved contractor without obtaining the necessary approval from Ministry of Finance/Fiji Procurement Office. Other potential contractors were also not invited to tender for the projects.

**Recommendations**

- The Ministry must ensure that the proper agreements are made between the contractor/carpenter to ensure that the interest of the Ministry is protected.

- The Ministry should improve its planning process and ensure that the procurement regulations pertaining to awarding of contract is adhered.
- The Ministry should obtain Fiji Procurement Office/Ministry of Finance waiver approval for the tender process.
- The Ministry must ensure that projects are monitored regularly and benchmarked against the scope of works. Any discrepancies should be reported to the Commissioner and the Permanent Secretary.

### **Ministry's Comments**

#### ***Uluivalili Sec School***

*The selections of contractors were based according to the DE Roads list of contractors as per tender CTN 234/08. The awarding of contracts at the Commissioner's Office was based according to the capabilities of the company. Recommendation noted.*

*All recommendations are noted, will improve our planning process for 2013 implementation*

#### ***Nabua Primary School***

*It was the community based project where committee contributed 1/3 and requested Government for its completion 2/3. (1/3 contribution includes the structure, carpenters and other raw materials.)*

*Recommendations are noted.*

## **17.21 Self Help Scheme**

The Application/Project Proposal forms are to be received by the Provincial Administrator or District Officers no later than 30<sup>th</sup> of July every year for the next financial year.<sup>51</sup>

Funding is based on a cost-sharing basis of one-third contribution (this may be extended beyond one third) from the individuals, groups and community and two third from Government.<sup>52</sup>

Contribution can be in kind in cases where communities, groups and individual do not have the capacity to pay cash contribution. The monetary value of in kind contribution should be equivalent or more to the one third cash contribution and this be determined by the Divisional Commissioners in consultation with their respective Provincial Administrators.<sup>53</sup>

The following projects were assisted under the Self Help Scheme program in 2011. Our audit examination of the project records noted the following anomalies:

Project	Observations
Kulidamu Water Scheme	<p>The Ministry provided building materials worth \$2,814.22 towards the Kulidamu Water Scheme project. Audit noted the following anomalies:</p> <ul style="list-style-type: none"> <li>▪ Contrary to the assistance criteria, the application form for the request for the assistance was received on 27/06/11. However the project was assisted during the year without any justification or reprioritisation approval.</li> <li>▪ The in-kind contribution from the community was not quantified by the Ministry.</li> <li>▪ No scope of work (stage breakdown) was prepared to benchmark the progress.</li> </ul>

<sup>51</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 4.2

<sup>52</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 2.3

<sup>53</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 2.4

Project	Observations
	<ul style="list-style-type: none"> <li>There was no contract agreement made between the carpenter/contractor with the village community and the Commissioner.</li> </ul>
Ketei Village Evacuation	<p>The Ministry provided building materials worth \$4,990.00 for the extension of the resource centre (hall). The following anomalies were noted:</p> <ul style="list-style-type: none"> <li>Contrary to the assistance criteria, the application form for the request for the assistance was received on 10/03/11. However the project was assisted during the year without any justification or reprioritisation approval.</li> <li>The in-kind contribution from the community was not quantified by the Ministry.</li> <li>No scope of work (stage breakdown) was prepared to benchmark the progress.</li> <li>There was no contract agreement made between the carpenter/contractor with the village community and the Commissioner.</li> </ul>
Korosi Village Copra Drier	<p>The Ministry provided building materials worth \$5,034.80 to build a copra drier at Korosi village in Cakaudrove. Audit noted the following anomalies:</p> <ul style="list-style-type: none"> <li>Contrary to the assistance criteria, the application form for the request for the assistance was received on 18/04/11. However the project was assisted during the year without any justification or reprioritisation approval.</li> <li>There was no contract agreement made between the carpenter/contractor with the village community and the commissioner.</li> <li>It could not be ascertained if the all the building items were delivered to the site as the delivery docket (serial no 10327) from the supplier (Gulabdas Limited) was blank.</li> </ul>
Vunidalica Multi Purpose Hall	<p>The Ministry provided building materials worth \$5,192 to build the Vunidalica Multipurpose hall in Suweni, Cakaudrove. The following anomalies were noted:</p> <ul style="list-style-type: none"> <li>Contrary to the assistance criteria, the application form for the request for the assistance was received on 14/04/11. However the project was assisted during the year without any justification or reprioritisation approval.</li> <li>There was no contract agreement made between the carpenter/contractor with the village community and the Commissioner.</li> </ul>
Luvuvu Goat/Farm Assistance	<p>The Ministry provided building materials worth \$5,294.75 for fencing of Luvuvu goat and sheep farm in Lekutu, Bua.</p> <p>Contrary to the assistance criteria, the application form for the request for the assistance was received on 22/06/11. However the project was assisted during the year without reprioritisation approval.</p>
Levuka Village Copra Drier	<p>The Ministry provided building materials worth \$4,998.50 to build a copra drier at Levuka village in Cakaudrove. The following anomalies were noted:</p> <ul style="list-style-type: none"> <li>Contrary to the assistance criteria, the application form for the request for the assistance was received on 23/06/11. However the project was assisted during the year without any justification or reprioritisation approval.</li> <li>There was no contract agreement made between the carpenter/contractor with the village community and the Commissioner.</li> </ul>

The above indicated that the Ministry failed to comply with its standard operating procedure requirements in selecting and evaluating the project proposals prior to its commencement.

All the above projects were received during the year; hence there was inadequate time to go through normal planning and selection process which could be catalyst to favouritism, lack of community ownership and overreliance on government assistance.

Failure to enter in the written contractual agreement or memorandum of understanding reflects laxity by the Ministry which could be detrimental in enforcing the rights and interest of the Ministry if necessitated.

### **Recommendations**

- The Ministry must ensure that the proper agreements are made between the contractor/carpenter to ensure that the interest of the Ministry is protected.
- The Ministry must comply with its standing operating guidelines to ensure that all the projects assisted during the year are; received in previous years, well evaluated and coordinated.
- The Ministry must ensure that the community one third contribution are clearly quantified (in kind) or collected (cash) for all the self help scheme projects.

### **Ministry's Comments**

*It was the community based project where committee contributed 1/3 (cash or in-kind) and requested Government for its completion 2/3. (1/3 contribution includes the structure, carpenters and other raw materials.)*

*Recommendations noted this will improve our planning process for next year implementations.*

## **17.22 Rural Housing Assistance**

The Welfare Officer, Provincial Administrator and Divisional Commissioners are to identify the potential recipients using the Ministry of Welfare Assistance guidelines and are to closely adhere to the standard process in place. Individuals can also apply using the application forms that are to be endorsed by the Turaga ni Koro/District Advisory Councillor.<sup>54</sup>

A minimum of three competitive quotes must be obtained for the procurement of goods, services or works valued at \$100 and more but \$30,000 and less.<sup>55</sup>

When the need to reprioritise arises, PA's should submit request to their respective Divisional Commissioners stating the reason for reprioritisation. The proposal together with the Project profiles should be submitted to HQ with all supporting documents for PS for consideration. Proper records of reprioritisation of projects are to be maintained for audit purposes and a copy to be submitted to Ministry of Finance by headquarters.<sup>56</sup>

Our audit of the following projects assisted under the Rural Housing Assistance Scheme program in 2011 noted the following anomalies:

Recipient	Observations
Mate Waqa	The Ministry provided financial assistance amounting \$8,696 to Mate Waqa (Yaroi Villager, Cakaudrove Province) under the Rural Housing assistance scheme. The following anomalies were noted:

<sup>54</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 4.1

<sup>55</sup> Procurement Regulations 2010 – Section 29 (1)

<sup>56</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 9.1

Recipient	Observations
	<ul style="list-style-type: none"> <li>Three quotes were not obtained for the above procurement</li> <li>There was no project profiling done for the project, and;</li> <li>There was no endorsement done by the Turaga ni Koro for the housing assistance application.</li> </ul>
Mikaele Radrodoro - \$4,412.63	<p>The Ministry provided financial assistance amounting \$13,237.89 to the following villagers from Welagi Village, Taveuni under the Rural Housing assistance scheme.</p> <p>Audit noted that the request letter for assistance was dated 22/06/11 for each of the applicants but there was no project profiles made to substantiate or justify the urgent need to fund the projects.</p>
Inoke Bolataula - \$4,412.63	
Laisa Comeke - \$4,412.63	

Failure to stringently evaluate the applicant status, obtain confirmation from Ministry of Social Welfare and its economical contribution towards the community could allow room for assistance being provided to unintended recipients or assistance provided twice, favouritism and overreliance on government assistance.

### **Recommendations**

- **The Ministry must ensure that project profiles are made, stringently evaluated and then assistance are provided.**
- **The Ministry must ensure that the most economical source is selected when procuring goods and services.**
- **The Ministry must ensure that the Turaga ni Koro's endorsement is taken for all rural housing assistance applied for to ensure that disputes do not arise in future.**

### **Ministry's Comments**

*The Rural Housing Application forms were duly filled by the applicants, however, the supporting project profile were not attached.*

*Recommendations noted, and this will improve our planning process for 2013 project implementations.*

## **CENTRAL DIVISION**

### **17.23 Non Completion of PSIP Projects**

Monitoring is to be conducted by the Provincial Administrators and the respective District Officers/ Assistant District Officers on a regular basis and provide progressive reports to the Divisional Commissioners on a monthly basis.<sup>57</sup>

Duration of the work (Raiwaqa Dental Clinic) is seven weeks including two weeks pre construction and advance purchasing of materials.<sup>58</sup>

Duration of the work (Vatukarasa Nursing Station) is six weeks including two weeks pre construction and advance purchasing of materials.<sup>59</sup>

<sup>57</sup> Ministry of Provincial Development – Capital Budget Program – Standard Operating Procedures – Section 8.1

<sup>58</sup> Memorandum dated 31/08/11

<sup>59</sup> Memorandum dated 31/08/11

A tender must be called for the procurement of goods, services or works valued at \$30,001 and more.<sup>60</sup>

If it is impractical to comply with regulation 30 sub regulation (1) in relation to the provision of urgent infrastructure development and services, the Minister for Finance may on this basis exempt such particular infrastructural services from complying with regulation 30 sub regulation 1.<sup>61</sup>

The following projects were scrutinised during the audit.

### **(1) Raiwaqa Dental Clinic Project**

The refurbishment of Raiwaqa Dental Clinic project was part of the Ministry's Public Sector Investment Programme (PSIP) for the 2011 capital budget with an initial provision of \$110,000. Also an additional \$200,000 was provided to this project which was vired out from the Noimalu Tikina Road Project.

The project was awarded to the Public Works Department (Central Division). On 23/09/11 a payment of \$194,143 (cheque number 9924) was made to Public Works Department.

Our audit noted the following anomalies for this project:

- In accordance with the procurement limit no tender was called to allow private firms to bid for the project.
- The audit could not ascertain if the waiver of the tender process was obtained from the Minister of Finance.
- There was no monitoring or status reports furnished on the progress of the work done by the PWD.
- Only \$69,196 was utilised and the remaining fund (\$124,947) was refunded to the Ministry of Finance with no carryover of funds applied for.
- As at the date of audit (12/04/12) the project was still in progress contrary to its expected completion timeline of seven weeks.

### **(2) Vatukarasa Nursing Station Project**

The construction of Vatukarasa Nursing Station was part of the Ministry's Public Sector Investment Programme (PSIP) for the 2011 capital budget with an initial provision of \$170,000. Also an additional \$200,000 was provided to this project which was vired out from the Noimalu Tikina Road Project.

The project was awarded to the Public Works Department (Central Division). On 21/09/11 the payment of \$370,000 (cheque number 9918) was made to Public Works Department.

The following anomalies were noted for this project:

- In accordance with the procurement limit no tender was called to allow private firms bid for the project.
- The audit could not ascertain if the waiver of the tender process was obtained from the Minister of Finance.
- There was no monitoring or status reports furnished on the progress of the work done by the PWD.
- Only \$83,823 was utilised and the remaining fund (\$286,177) was refunded to the Ministry of Finance with no carryover of funds applied for.

<sup>60</sup> Procurement Regulations 2010 – Section 30 (1)

<sup>61</sup> Procurement Regulations 2010 – Section 48 (4)

- As at the date of audit (12/04/12) the project was still in progress contrary to its expected completion timeline of six weeks.

Failure to call for a tender or obtain the alternate waiver approval from the Minister of Finance could result in the uneconomical engagement of the contractor at the expense of the public funds.

Prolong delay in completing the project and not monitoring and providing the monthly progress reports could result in extravagant expenses (labour cost) and also affect the service delivery of the Ministry. This also defeats the purpose of not calling for tender and awarding the project to PWD.

### **Recommendations**

- The Ministry must ensure that projects are followed up once funding is released and ensure that progressive reports are submitted to the Commissioner/Permanent Secretary on an ongoing basis.
- The Ministry should consider that the projects are completed on time and delays are addressed immediately.
- The Ministry should consider calling open tenders for procurements above \$30,001 to allow for transparency in selecting the best available contractor at the most economical cost to carry out the work.
- If the projects are not completed for some circumstances beyond control, the Ministry then should apply for carryover of funds in order to facilitate the completion of the project in the following year without any further delays.

### **Ministry's Comments**

#### **Raiwaqa Dental Clinic Project**

*No tender was called for the Raiwaqa Dental Clinic project which was awarded to PWD, a Government entity. Those projects which are awarded to PWD does not require tender process while it is also silent.*

*As per above it is past practices of giving the projects to PWD. In a similar case with Lokia foot Crossing can be construed where opinion was sought from FPO office on the same issue where work was being awarded to RFMF, a government arm who performed the same services and principle applied.*

*However, this matter was raised to the Prime Minister and PS Finance is trying to harmonize these requirements.*

*Site visits were frequently made while quarterly reports were also provided to Ministry of Strategic Planning. Also the District Officer Suva closely monitored the project and report submitted to CCD.*

*The remaining funds were returned to MOF as per their requirement while PWD's trust fund option was no more active. However, PWD is completing the project in 2012 with funds source from within PWD budget.*

*As per above, the funds was returned to MOF at the end of the year 2011 when the project was incomplete. However, in 2012 PWD is completing the project with funds source from within PWD budget. The system and processes involved took time to source the funds to complete the project.*

*A site meeting with PWD is scheduled soon to ascertain the level of progress; funds utilized to date and expected completion time of the project. A comprehensive progress report and acquittal details have been requested for the site meeting and will be submitted in due course.*

#### **Vatukarasa Nursing Station Project**

*Note that Vatukarasa Nursing Station project was awarded to PWD which is within the Government. Those projects which are awarded to PWD do not require tender process while it is also silent.*



*As per above it is past practices of giving the projects to PWD. However, this matter was raised to the Prime Minister and PS Finance is trying to harmonize these requirements.*

*Site visits were frequently made while quarterly reports were also provided to Ministry of Strategic Planning.*

*The remaining funds were returned to MOF as per their requirement while PWD's trust fund option was no more active. However, PWD is completing the project in 2012 with funds source from within PWD budget.*

*As per above, the funds was returned to MOF at the end of the year 2011 when the project was incomplete. However, in 2012 PWD is completing the project with funds source from within PWD budget. The system and processes involved took time to source the funds to complete the project.*

## Section 18

## Fiji Military Forces

### Role and Responsibilities

The FMF is charged with, and responsible for, the defence and state security of Fiji in the maintenance of Law and Order in land and sea, in support of the Police, Maritime Surveillance of Fiji's Maritime Zone and relevant departments. It also provides forces to international peacekeeping operations in line with Government foreign policy on world peace, troops with engineering experience for community development and youth training for life skills. The targeted outcome(s) and output(s) in relation to the above responsibilities are illustrated below;

### Maintain Law & Order and Uphold the Rule of Law Effectively and Efficiently

- Portfolio Leadership Policy Advice and Secretariat Support.
- Emergency Response Services – Disaster Management.
- Border Control – Land Operations.
- Border Control – Maritime Operations.

### Global Integration for Political and Economic Advancement

- Emergency Response Services – Search and Rescue.
- Overseas Peace Keeping Operations.

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## PART A: FINANCIAL STATEMENTS

### 18.1 Audit Opinion

The audit of the 2011 accounts of the Fiji Military Forces resulted in the issue of an unqualified audit report.

### 18.2 Statement of Receipts and Expenditure

The Force collected total revenue of \$680,277 and incurred total expenditure of \$109,233,075 in 2011. Refer Table 18.1 below for details.

**Table 18.1: Statement of Receipts and Expenditures for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
State Revenue	84,774	76,659
Agency Revenue	595,503	400,818
<b>TOTAL REVENUE</b>	<b>680,277</b>	<b>477,477</b>
<b>EXPENDITURE</b>		
<b>Operating</b>		
Established Staff	83,911,914	81,793,042
Government Wage Earners	2,173,583	1,896,364
Travel and Communications	1,146,291	744,910
Maintenance and Operations	4,820,088	4,838,247
Purchase of Goods and Services	6,328,307	4,629,366
Operating Grants and Transfers	1,426,078	1,700,000
Special Expenditures	1,379,112	1,082,027
<b>Total Operating Expenditure</b>	<b>101,185,373</b>	<b>96,683,956</b>
<b>Capital Expenditure</b>		
Construction	2,433,053	1,555,819
Purchases	3,196,976	1,110,995
Grants and Transfers	0	0
<b>Total Capital Expenditure</b>	<b>5,630,029</b>	<b>2,666,814</b>
Value Added Tax	2,417,673	1,665,811
<b>TOTAL EXPENDITURE</b>	<b>109,233,075</b>	<b>101,016,581</b>

The total revenue increased by \$202,800 or 42% in 2011 compared to 2010 due to clearance of stale cheques.

Total expenditures increased by \$8,216,494 or 8% in 2011 compared to 2010. This was mainly due to the increase in payment of remote, field, sea – going, diving and explosive ordinance disposal allowance to service personnel, purchase of ammo for Iraq and Sinai, inclusion of Life Extension Program for Kula Boat and purchase of the new vessel MV Rogovoka 2.

### 18.3 Appropriation Statement

The Force incurred expenditure totaling \$109,233,075 against the budget of \$107,475,918 resulting in an over-expenditure of \$1,757,157. Details of expenditure against the budget estimates are provided in Table 18.2.

**Table 18.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry /Over (\$)	Lapsed Appropriation (\$)
1	Established Staff	82,860,048	(1,857,182)	81,002,866	83,911,914	0	(2,909,048)
2	Government Wage Earners	1,779,496	0	1,779,496	2,173,583	0	(394,087)
3	Travel & Communications	1,210,921	(33,094)	1,177,827	1,146,291	0	31,536
4	Maintenance & Operations	5,331,210	(196,516)	5,134,694	4,820,088	0	314,606
5	Purchase of Goods & Services	4,906,793	1,502,706	6,409,499	6,328,307	0	81,192
6	Operating Grants & Transfers	1,700,000	(200,000)	1,500,000	1,426,078	0	73,922
7	Special Expenditures	714,500	703,724	1,418,224	1,379,112	0	39,112
	<b>Total Operating Expenditure</b>	<b>98,502,968</b>	<b>(80,362)</b>	<b>98,422,606</b>	<b>101,185,373</b>	<b>0</b>	<b>(2,762,767)</b>
	<b>Capital Expenditure</b>						
8	Construction	3,200,000	(426,638)	2,773,362	2,433,053	0	340,309
9	Purchases	3,497,000	0	3,497,000	3,196,976	0	300,024
10	Grants & Transfers	0	0	0	0	0	0
	<b>Total Capital Expenditure</b>	<b>6,697,000</b>	<b>(426,638)</b>	<b>6,270,362</b>	<b>5,630,029</b>	<b>0</b>	<b>640,333</b>
13	Value Added Tax	2,829,000	(46,050)	2,782,950	2,417,673	0	365,277
	<b>TOTAL EXPENDITURE</b>	<b>108,028,968</b>	<b>(553,050)</b>	<b>107,475,918</b>	<b>109,233,075</b>	<b>0</b>	<b>(1,757,157)</b>

In 2011, Cabinet approved the re-deployment of \$553,050 from the Fiji Military Force budget to other Ministries and Departments.

#### 18.4 Consolidated Trading and Manufacturing Account

**Table 18.3: Manufacturing Account**

Trading Account	2011 (\$)	2010 (\$)
Opening Raw Material	5,950	5,950
Add: Purchases	114,057	2,612
	<b>120,007</b>	<b>8,562</b>
Less: Closing Raw Materials	5,950	5,950
<b>Raw Material Used</b>	<b>114,057</b>	<b>2,612</b>
<b>Cost of Goods Manufactured transferred to Trading Account</b>	<b>114,057</b>	<b>2,612</b>

**Table 18.4: Trading Account**

Trading Account	2011 (\$)	2010 (\$)
Sales	815,597	239,450
Opening Finished Goods	12,233	12,233
Add: Cost of Manufactured Goods	114,057	2,612
	<b>126,290</b>	<b>14,845</b>
Less: Closing Finished Goods	9,552	12,233
<b>Cost of Goods Sold</b>	<b>116,738</b>	<b>2,612</b>
<b>Gross Profit/(Loss) transferred to Profit &amp; Loss Statement</b>	<b>698,859</b>	<b>236,838</b>

**Table 18.5: Profit & Loss Statement**

	2011 (\$)	2010 (\$)
<b>Income</b>		
Gross Profit transferred from Trading A/C	698,859	236,838
<b>Total Income</b>	<b>698,859</b>	<b>236,838</b>

	2011 (\$)	2010 (\$)
<b>Expenses</b>		
Travel & Communication	160,626	9,633
Maintenance & Operation	401,477	256,981
Other Expenses	0	445
Special Expenses	2,706	97
VAT	99,719	32,124
<b>Total Expense</b>	<b>664,528</b>	<b>299,280</b>
<b>Net Profit/(Loss)</b>	<b>34,331</b>	<b>(62,442)</b>

**Table 18.6: Balance Sheet**

	2011 (\$)	2010 (\$)
<b>Assets</b>		
Cash at Bank	120,002	49,205
Accounts Receivable	289	289
Inventory	15,503	18,183
<b>Total Assets</b>	<b>135,794</b>	<b>67,677</b>
<b>Total Net Assets</b>	<b>135,794</b>	<b>67,677</b>
<b>Liability</b>		
Deposit, Deduction & Retention	32,437	0
<b>Total Liability</b>	<b>32,437</b>	<b>0</b>
<b>Equity</b>		
TMA Accumulated Surplus	177,052	142,720
TMA Surplus	(73,695)	(75,043)
<b>Total Equity</b>	<b>103,357</b>	<b>67,677</b>
<b>Total Equity and Liability</b>	<b>135,794</b>	<b>67,677</b>

## PART B: AUDIT FINDINGS

### 18.5 Long Outstanding Balance in Revolving Fund Account (RFA)

Travelling advances must be recouped within 7 days of the completion of travel by submission of a voucher with documents to support the claim.<sup>1</sup> Where a travelling advance has not been fully expended, it must be repaid to the agency within 7 days of the completion of travel.<sup>2</sup> Where a travelling advance is not cleared within 7 working days of the completion of travel, recovery must be made from the concerned officer's salary within 6 fortnights.<sup>3</sup>

The Principal Accounts Officer is responsible for the safekeeping and proper maintenance of all accounting records or documents.<sup>4</sup>

The following six Revolving Fund Account (RFA) balances have been carried forward from previous years. Refer Table 18.7 below for details.

**Table 18.7: Long Outstanding Revolving Fund Account not cleared**

Account Number	Particulars	Balance (\$)
1-19101-19999-560203	Accounts Receivable Individual	189,933.42

<sup>1</sup> Finance Instructions 2010 – Section 44 (3)

<sup>2</sup> Finance Instructions 2010 – Section 44 (4)

<sup>3</sup> Finance Instructions 2010 – Section 44 (5)

<sup>4</sup> Fiji Military Forces Finance Manual 2011 – Section 15.1.3

Account Number	Particulars	Balance (\$)
1-19101-19999-569902	Malaya Pension	597,601.02
1-19101-19999-569903	Malaya Widow Pension	125,238.04
1-19101-19999-570301	Advances	(419,502.38)
1-19101-19999-570302	Dishonoured Cheques	1,174.06
1-19101-19999-850202	Deferred Income	1,806,852.41
<b>Total</b>		<b>2,301,296.57</b>

The Force has failed to take any corrective actions to reconcile to clear these long outstanding accounts. The above balances are unnecessarily overstating the RFA balances.

### **Recommendation**

**The Force should take immediate action to clear the outstanding items.**

### **Force's Comments**

*Observations and recommendations are noted.*

- Part payment of Malaya Pension and Malaya Widow Pension totaling \$91,266.09 has been received by RFMF and receipted vide RR # 322006 dated 04/06/12. The Force continues to submit reimbursement pension claims on a quarterly basis.
- Account Number 850202 has been inactive since 2004. This account was established for the purpose of installing Telecommunications and Satellites (Telesat) throughout the whole of Fiji and was funded by Telecommunication Fiji Limited. RFMF is liaising with MOF for clearance of this account.
- Account Numbers 560203, 570301 and 570302 is from previous years but the RFMF will continue the reconciliation and clearance of these accounts in consultation with MOF as recommended.

*RFMF is working with MOF on clearing other items reflected under RFA.*

## **18.6 Over-Expenditure**

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the proper authorization of the Ministry of Finance, pending approval by Cabinet.<sup>5</sup>

As at 31/12/11, the Force incurred over-expenditure in SEG 1 – *Established Staff* and SEG 2 – *Government Wage Earners* as follows:

**Table 18.8: Over-Expenditure**

Account	Description	Revised Budget (\$)	Actual Expenditure (\$)	Over-Expenditure (\$)
1-19000-00000-010000	Established Staff	81,002,866	83,911,914	2,909,048
1-19000-00000-020000	Government Wage Earners	1,779,496	2,173,583	394,087

Over-expenditure affects the Government's liquidity position and if not controlled, could lead to cash flow problems.

<sup>5</sup> Finance Instructions 2010 – Section 7

**Recommendations**

- The Force should strictly adhere to Section 7 of the Finance Instructions 2010.
- The Force should ensure that proper planning and monitoring is in place to avoid over-expenditure.
- Expenditures should be reviewed against the budget allocation on a monthly basis to avoid over-expenditures.

**Force's Comments**

*OAG observations and recommendations are noted. The over expenditure on SEG 1 was mainly due to the additional deployment of fifty five (55) personnel which was approved vide Cabinet Decision No. 260 dated 28th June, 2011 for the missions to Iraq and also payments of Remote Allowance which was approved vide Administration Instruction 74.*

**18.7 Non Submission of the Board of Survey Report**

An annual board of survey must be conducted each year to verify the existence and condition of assets recorded on the asset register provided that, for agencies that have, in the opinion of the Permanent Secretary a large asset base, the board of survey to be conducted on a cyclical basis so that all assets are checked every three years.<sup>6</sup>

Annual boards of survey must be conducted by 3 officers who are independent of the officer responsible for the custody of the assets. A written record must be kept of each board of survey and must be signed and dated by the officers undertaking it.<sup>7</sup>

The Board of Survey report for 2011 was not provided during the audit.

As such, audit was not able to substantiate the Statement of Losses in the Force's Financial Statement submitted for audit.

**Recommendations**

- The Force must ensure that the Statement of Losses provided in the Agency Financial Statement is supported with the Board of Survey report.
- All records should be provided to audit for verification purposes.

**Force's Comments**

*The Force acknowledges observations and recommendations and will ensure that Board of Survey reports are provided for audit purposes. The Internal Audit Officer RFMF has been charge to receive and maintain all BOS records.*

**18.8 Overdrawn Operating Trust Fund Account**

Each month, the trust account must be balanced and reconciled with the trust bank account. The names and balances of each account must be listed and the reconciliation must be signed by the responsible officer. Unreconciled items must be investigated and resolved promptly.<sup>8</sup>

<sup>6</sup> Finance Instructions 2010 – Section 49 (1)

<sup>7</sup> Finance Instructions 2010 – Section 49 (2)

The Force at 31/12/11 had some Operating Trust Fund accounts overdrawn (debit balances) amounting to \$5,230,184.74. Refer to *Appendix 18.1* for details.

The overdrawing of Operating Trust Funds Account may have resulted from incorrect journal entries passed to these accounts or through mispostings.

### **Recommendations**

- The Force should ensure that the trust account is not overdrawn at any point in time in accordance with Finance Instructions 2010.
- The Force must investigate these overdrawn (debit) trust fund accounts and take appropriate action.

### **Force's Comments**

*OAG comments and recommendations are noted. Overdrawn Trust Fund Accounts were carried forward from previous years and the Force with the supervision of the PAO will continue to reconcile accounts and make necessary adjustments.*

## **18.9 Revolving Fund Account - Miscellaneous**

A ledger shall be maintained for advances and revolving fund accounts. Within 3 days of receiving the monthly general ledger reports from the Ministry of Finance, the Assistant Accounts Officer (Ledger) shall reconcile the ledger balances to the general ledger reports and prepare a ledger reconciliation statement.<sup>9</sup>

A variance of \$1,238,948.66 was noted in the Revolving Fund Account – Miscellaneous balance between the Force's records and the FMIS record. Refer Table 18.9 below for details.

**Table 18.9: Variance in RFA Balance**

Balance as per GL (\$)	Balance as per Force's Reconciliation (\$)	Variance (\$)
998,796.67	(240,151.99)	1,238,948.66

In addition, variances existed between the opening and closing balance in the Force's monthly reconciliations. Refer Table 18.10 below for details.

**Table 18.10: Variance in the Monthly Closing and Opening balance**

Month	Closing Balance (\$)	Month	Opening Balance (\$)	Variance (\$)
June	501,155.99	July	501,371.99	216.00
August	656,437.56	September	656,626.56	189.00
November	494,764.16	December	495,076.16	312.00

Lack of supervisory checks has resulted in the above variances.

<sup>8</sup> Finance Instructions 2010 – Section 58 (3)

<sup>9</sup> Fiji Military Forces Finance Manual 2011 – Section 13.3.1 & 13.3.3



**Recommendations**

- **The Force should ensure that the Revolving Fund Account is reconciled with General ledger (FMIS) on a monthly basis and any variance noted is adjusted accordingly.**
- **Internal Control procedures such as supervisory checks in the Accounts Section should be strengthened to avoid such anomaly.**

**Force's Comments**

*OAG comments and recommendations are noted. The difference shown on the Table above occurs when MOF debits other charges after reconciliations has been prepared and submitted. The Force will ensure that FMIS closing and opening balance differences are also reflected in the reconciliation statement.*

**18.10 Irregularities in the FNPF records**

Every employer shall pay to the Fund in respect of each of his employees, in every month during which such employee by him and in the month following the termination of such employment, a contribution calculated upon the amount of wages payable to such employee by such employer for the preceding month at the appropriate rates.<sup>10</sup>

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

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

Our audit of FNPF records noted the following anomalies:

**18.10.1 FNPF monies in suspense account of the Fund**

The Force on a monthly basis made FNPF payments to the Fund for its staffs. However, our audit noted that payments made on behalf of some of the staffs were still appearing in the Suspense account of the Fund indicating that the Fund was yet to transfer the balances into the individual staff account.

The FNPF on a regular basis sends staffs listing to the Force after their reconciliation stating that they are not able to match the staff listings provided by the Force with their records, hence funds remained in the suspense account as undistributed funds.

Refer to *Appendix 18.2* for details of suspense account as at 22/09/11 of officers whose records are not matched with that of FNPF's record. Hence their contributions are yet to be transferred to their individual accounts.

The audit was informed that majority of the officers whose funds are appearing in the suspense account are Territorial Forces Reserve (TF). These officers are employed by the Force on temporary basis and they only march into the camp when there is a need for them. The details provided by the individual staffs are fed into the payroll system and if their details do not match with the FNPF's record then it becomes difficult to track these staffs and correct the details on a timely manner due to change of their address, names etc.

<sup>10</sup> Chapter 219 – Fiji National Provident Fund – Section 13 (1)  
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The above finding could have resulted from incomplete documents processed on the recruitment of staffs where incorrect names could have been provided to the pay office, staffs name changed without advising pay office, pay office staffs not verifying FNPF details of the officers before paying out their contributions.

Lack of communication and coordination between Human Resources, Payroll Section of the Force and FNPF on the registration of officers for FNPF contribution could also be a contributing factor for the above anomaly.

### **18.10.2 Undistributed FNPF contributions for the past years**

A total of \$691,076.38 is recorded as undistributed contribution under the Fiji Military Forces name in the FNPF's record. This undistributed contribution relates to the period from 1995 to 2008. Refer Table 18.11 below for the details.

**Table 18.11: Undistributed Funds**

Year	Amount (\$)
1995	206,765.61
1996	8,433.11
1997	5,681.94
1998	783.86
1999	475.66
2000	145,553.68
2001	988.90
2002	194,442.08
2003	23,212.64
2004	4,092.64
2005	17,446.92
2006	15,918.18
2007	3,998.05
2008	63,283.11
<b>Total</b>	<b>691,076.38</b>

The Force verbally requested clarification on the undistributed contributions from FNPF and were informed that the Force might have overpaid FNPF contributions in the above periods.

On 21/09/11, the Force wrote to FNPF to clarify on the undistributed contributions; however as at the date of audit<sup>11</sup> no response was received from FNPF.

The undistributed contribution could have resulted from incorrect FNPF payments made by the Force to the FNPF.

### **18.10.3 Outstanding Surcharge**

On 21/03/11, FNPF provided a list to the Force stating outstanding surcharge of \$24,443.16. These outstanding surcharges relates to the period from 2000 to 2010. Refer Table 18.12 below for details.

**Table 18.12: Outstanding Surcharge as at 31/03/11**

<sup>11</sup> Audit date – 19/07/12

Date	Year	Month	Raised Amount (\$)	Settled Amount (\$)	Outstanding Amount (\$)
03/01/00	1999	December	(6,292.00)	12,584.00	6,292.00
21/06/06	2006	April	(13,770.00)	676.80	(13,093.20)
09/10/07	2007	July	(120.00)	43.99	(76.01)
31/10/07	2007	July	(10.00)	0.00	(10.00)
11/06/08	2008	April	(501.99)	268.04	(233.95)
31/03/09	2008	November	(1,632.00)	0.00	(1,632.00)
30/07/09	2009	May	(2.00)	0.00	(2.00)
07/09/09	2006	December	(15,686.00)	0.00	(15,686.00)
23/03/10	2010	January	(2.00)	0.00	(2.00)
<b>Total</b>					<b>(24,443.16)</b>

FNPF informed the Force that these surcharges were cleared off from undistributed funds reflected under the Force's name.

The Principal Accounts Officer revealed that explanation has been sought from FNPF on these surcharges as the Force has cleared the FNPF contribution on time. No response has been received from FNPF on this matter.

The risk of misappropriation of fund is high. There could be situations whereby some of the officers would have retired from the service but their contribution is still lying in the FNPF's suspense account resulting in the underpayment of their contributions.

### **Recommendations**

- **The Force should resolve the above matter as soon as practical.**
- **The Force should ensure that proper and complete documentations are obtained and cross checked with relevant authorities such as FNPF before deducting and making payments of such nature on behalf of staffs in the future.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**
- **The Force should ensure that an effective and efficient communication process is in place with the Human Resources, Accounts and Payroll division for immediate and prompt action in regards to the addressing of such matters.**

### **Force's Comments**

*RFMF notes the observations and recommendations made by OAG. FNPF has been an on-going issue which RFMF is trying to resolve and has taken the following action:*

- *All troops marching in for training are required to provide their FNPF cards.*
- *Regular reconciliation of FNPF.*
- *Advertising in the dailies names of troops who appear on the suspense account listing. The Force received the latest Suspense account listing from FNPF as at Friday 14/09/2012.*
- *On-going discussions and correspondence with FNPF on outstanding issues.*
- *The FNPF officer will continue to follow up with FNPF on the surcharge and undistributed fund.*

## 18.11 Leave Payments

Annual leave shall be taken when due. The Permanent Secretary or Head of Department shall ensure scheduling of leave to avoid bulging of leave entitlements at any time of the year.<sup>12</sup> Officers may be allowed to carry over up to a maximum of ten working days entitlement from one leave year to the next.<sup>13</sup>

A proper record shall be maintained and updated for all employee's leave entitlement. This shall include employee cards or files to store information regarding leave entitlements and other personal information. A separate register shall be kept for annual leave for each employee. The register shall record date and number of leaves days taken, the date leave becomes due and balance of accumulated leave. The register shall be regularly updated to ensure any changes to leave entitlements are recorded.<sup>14</sup>

Our audit of the leave records noted the following anomalies:

- The Force failed to provide the leave records of its personals for the year 2011. As per the budget, the Force has 3,337 and 273 Established Staffs and Government Wage Earners respectively.
- The Force failed to maintain a leave database. Leave records of the officers are maintained individually.
- Majority of the personnel's of the Force were compensated for the leave upon discharged from the service. The leave balances of these staffs were excessive which was accumulated over the years. Refer Table 18.13 below for examples.

**Table 18.13: Payment of Leave Compensation**

Regimental No	Rank	Name	Number of leave days compensated	Amount compensated (\$)
30714	Able Seaman	Samuela Tikomaimaleya	32	1,009.92
22175	Corporal	Salesi Tiko	92	3,351.56
22254	Sergeant	Napolioni Leiloma	12	570.60
22249	Corporal	Waisea Ravetau	23	824.32
22178	Sergeant	Taniela Matak	42	1,997.10
31558	Bandsman	Sakapo Tamanisaga	25	698.25
22345	Warrant Officer 1	Soko Veikauyaki	9	303.23
25224	Sergeant	Nemani Tekei	40	1,731.60
27668	Lance Corporal	Anania Seru	30	1,234.80
31436	Private	Rusiate Batiratu	28	782.04
22444	Warrant Officer 1	Jone Buadromo	64	4,710.40
29804	Sapper	Ashwant Nagaiya	7	225.40
22045	Staff Sergeant	Mosese Vonovono	24	1,316.64
28144	Lance Corporal	Ropate Rabukawaqa	11	364.98
22333	Captain	William Jale	49	4,873.54
23500	Warrant Officer 2	Metuisela Beci	115	6,649.30
23225	Warrant Officer 2	Nemani Tabutabu	10	668.80
21792	Staff Sergeant	Vilikesa Ravuwai	53	2,907.58
29205	Lieutenant	Viggo Clarence Wesele	20	1,718.60
29773	Bandsman	Saimoni Drugu	103	3,250.68

<sup>12</sup> General Orders 2011 – Section 705 (d)

<sup>13</sup> General Orders 2011 – Section 705 (c)

<sup>14</sup> Fiji Military Forces Finance Manual 2011 – Section 11.2.1, 11.2.2 & 11.2.3

Regimental No	Rank	Name	Number of leave days compensated	Amount compensated (\$)
21854	Lieutenant Colonel	Netani Rika (Paid in 2012)	55	6,309.73

- Some officers had exceeded their leave entitlements which were not recovered before they were discharge from the Force. Refer Table 18.14 below for examples.

**Table 18.14: Exceeded Leave not recovered**

Regimental No	Rank	Names	Number of Leave Overtaken in days	Amount that should have been recovered (\$)
22033	Warrant Officer 1	Eroni Vakacokoivalu	132	9,271.68
22931	Sergeant	Tevita Tuinakelo	80	3,804.00
27181	Lance Corporal	Nepote Turagalevu	34	1,238.96
22645	Warrant Officer 2	Anare Sovu	20	1,156.40
22081	Corporal	Levani Kaunivanua	124	5,129.88

- Some officers discharged in 2009 and 2010 were compensated their leave in 2011. Refer Table 18.15 below for examples.

**Table 18.15: Discharged in 2009 and 2010 But Leave Compensated in 2011**

Regimental No	Rank	Names	Number of leave days compensated	Amount compensated (\$)
23078	Lance Corporal	Alusio Liganivai	74	2,543.80
23359	Warrant Officer 2	Meli Wara	95	5,492.90
21606	Warrant Officer 2	Samuela Matana	52	3,006.64
30449	Able Seaman	Sireli Tuisiga	40	1,117.20
30909	Lance Corporal	Veveni Vuiwakaya	32	1,009.92
22503	Warrant Officer 1	Osea Namanu	72	4,815.36

It is important that scheduling of leave is carried out on a regular basis as an internal control mechanism. The findings indicated that the Force lacked proper administration and management of leave. This has resulted in the Force compensating for unutilized leaves days when Officers are discharged from the service.

### **Recommendations**

- The Force should ensure that proper records of leave status of staffs are maintained and provided for audit verification.
- The Force should ensure that a staff database is maintained and updated accordingly so that proper monitoring of leave balances could be undertaken.
- The Force should ensure that officers utilize their leave when its due and only 10 annual leave days is carried forward to next leave year.
- The Force should ensure that Officers are encouraged to take their leave when due without hindering the continuity of the Force's functions.
- General Orders 705 should be strictly complied with.

**Force's Comments**

1. Leave management irregularities highlighted above is acknowledged. Leave overtaken is an overpayment as soldiers were paid whilst taking leave they were not entitled to.
2. Towards the end of 2010, HQ RFMF had directed that all outstanding leave and discharge process for those soldiers that have left the force are to be cleared by the end of 2010.
3. Pay office in coordination with HQ LFC carried out HQ RFMF directives whereby the final pay for the above soldiers was computed by way of their outstanding leave. Mode of payment was made in the form of the cheque-pay-centre and held at the cashier. Payments were only made upon the receipt of the completion of discharge administration process. Payments for the deceased soldiers were made to their dependants through Public Trustee's office.
4. An audit of leave for all RFMF personnel has been undertaken and records updated. A directive has been given for all personnel with excessive accumulated leave to take leave and this directive has been implemented.

**18.12 Salary Overpayment on Discharge**

Salaries and Wages constitute a major portion of the agency's budget. Proper controls over engaging new employees, salary payments and resignations reduce the risk of fraudulent or unauthorized payments, inaccurate payroll reports and invalid pay rates.<sup>15</sup>

Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personnel emoluments or deductions such as appointments, promotions, transfers, acting allowances, dismissals and resignations, income tax allowances, housing deductions, or other authorized charges or deductions.<sup>16</sup>

Our audit of payroll records noted that the following Officers continued to be paid after the effective date of their discharge:

**Table 18.16: Overpayment of Salary upon Discharged from Service**

Regimental No	Name	Date of Discharge	Date of Last Pay	Days Overpaid	Salary Rate (\$)	Total Amount Overpaid (\$)
30714	Samuela Tikomaimaleya	21/02/11	11/03/11	19	31.56	599.64
22175	Salesi Tiko	24/10/11	09/11/11	17	36.43	619.31
22033	Eroni Vakacokoivalu	18/07/11	29/07/11	12	70.24	842.88
23240	Waisale Turaganivalu	05/08/11	12/08/11	8	47.55	380.40
32073	Makelesi Likuwale	06/10/11	13/10/11	8	2.50	20.00
32109	Emele Sevai	06/10/11	13/10/11	8	2.50	20.00
32082	Ivamere Radinimoala	06/10/11	13/10/11	8	2.50	20.00
32105	Joseva Mudu	06/10/11	13/10/11	8	2.50	20.00
32097	Vika Cakacaka	06/10/11	13/10/11	8	2.50	20.00
22105	Vereimi Betena	14/09/11	15/09/11	2	41.37	82.74
31558	Sakapo Tamanisaqa	17/03/11	12/08/11	149	27.93	4,161.57
22345	Soko Veikauyaki	20/05/11	15/07/11	57	66.88	3,812.16
25224	Nemani Tekei	01/06/11	17/06/11	17	43.29	735.93
27668	Anania Seru	06/05/11	08/05/11	3	41.16	123.48
31436	Rusiate Batiratu	01/07/11	29/07/11	29	32.23	934.67

<sup>15</sup> Fiji Military Forces Finance Manual 2011 – Part 3: Payroll Introductory Statement

<sup>16</sup> Finance Instructions 2010 – Section 17 (1)

Regimental No	Name	Date of Discharge	Date of Last Pay	Days Overpaid	Salary Rate (\$)	Total Amount Overpaid (\$)
27181	Nepote Turagalevu	17/02/11	25/02/11	9	36.44	327.96
22081	Levani Kaunivanua	08/01/11	25/02/11	49	41.37	2,027.13
29804	Ashwant Nagaiya	26/05/11	17/06/11	23	32.20	740.60

Inadequate supervisory checks may have lead to the overpaid salaries. Similar concerns were raised in previous years' audit memorandum however no corrective action was taken by the Force.

### **Recommendations**

- **The Force should take appropriate action to recover overpaid salaries.**
- **The Force must ensure that Pay Office is provided with correct date of discharge of officers to ensure salaries are ceased on time and overpayment is avoided.**

### **Force's Comments**

1. *Acknowledge comments made above. The pay office terminates a soldiers pay immediately on the receipt of a discharge approval/directive for an individual by HQ RFMF/DHRM or on the notification of a soldier's death. The date of such directives is not the date of discharge of a soldier from the force. His/her final day of pay is his/her date of discharge from the force as during this period he/she is subject to military law.*
2. *Depending on the time taken by a soldier to complete his discharge process with a clearance forwarded by HQ LFC to the pay office, only then will his/her final pay is computed from the balance of leave and paid out accordingly. Deceased soldiers' benefits are paid to the dependants through the public trustee's office.*
3. *In most cases, if not all, soldiers were paid in advance for a couple of days as highlighted above as being overpaid; however, the computation of leave payment is effected from the date of the approval for discharge and paid accordingly.*

## **18.13 Fixed Assets Register not maintained**

All assets acquired with a cost in excess of \$2,000, shall be recorded in the assets module of the FMIS or a fixed assets register for those without the FMIS.<sup>17</sup> The OIC IMC/OIC Accounts shall be responsible for maintaining the fixed assets register. The assets register shall provide the following details:

- (i) Date of acquisition (including if asset was acquired by transfer, gift or second-hand) and cost;
- (ii) Description;
- (iii) Serial number and model;
- (iv) Location;
- (v) Other relevant information (e.g. if asset is sold or written off).<sup>18</sup>

The OIC IMC shall record items valued at less than \$2,000 but more than \$200, in an expendable items register. The register shall contain information such as date of purchase (including if it was acquired by transfer, gift or second-hand); purchase reference number; description of items and quantity; and disposal method (whether written off, sold, etc) and reference number. The OIC IMC must ensure that the register is kept updated.<sup>19</sup>

<sup>17</sup> Fiji Military Forces Finance Manual 2011 – Section 9.1.3

<sup>18</sup> Fiji Military Forces Finance Manual 2011 – Section 9.2.1

<sup>19</sup> Fiji Military Forces Finance Manual 2011 – Section 9.2.5 & 9.2.6

The Force failed to maintain a Fixed Assets Register. As such it was difficult to identify and validate items above \$2,000 that were purchased during the year. Refer Table 18.17 for examples.

**Table 18.17: Items Purchased During 2011**

Date	Cheque No.	Payee	Particulars	Amount (\$)
15/03/2011	40639	Vinod Patel Ltd	Multi Pot 20L	7,441.17
24/03/2011	40854	Courts Homecenters	Kawasaki Brush Cutter	2,398.16
08/04/2011	41342	Cas Scales Fiji	Nagata Medical Scale	2,800.18
27/04/2011	41799	Viti Air Conditioning	1 X 12000 BTU Split Type – AC	2,934.04
31/05/2011	42758	Duolous Scales Sales	Hanging Scale	3,160.00
01/07/2011	43784	St John Supplies	Purchase of 2 fiel dressing	4,497.00
14/07/2011	44071	Crown Imports Ltd	Ceremonial Infantry Sword	10,600.00
16/08/2011	45201	Office Products	Computer Set Dell	2,250.00
13/09/2011	46046	Office Products	Computer Set Dell	3,990.00
23/09/2011	46489	Carpenters Hardware	Kawasaki Brush Cutter	5,394.00
29/12/2011	49529	Crown Imports Ltd	Gasmate Cooking Burners	3,150.00
05/12/2011	48779	Marine Safety Services	Plastimo Inflatable Life Jacket	5,200.02
19/12/2011	49302	Sports World	Gym Equipments	3,523.00

The Officer in charge of maintaining Fixed Assets record revealed that the data-base prepared for fixed assets has been corrupted and the department is in the process of retrieving the lost data.

The above indicated inadequate controls over the custody of fixed assets. This could result in inability to identify items, which are unservicable, gone missing or those need to be auctioned. Moreover, it would be difficult to identify any person to be responsible or any discrepancies in the Fixed Assets records.

The risk of misappropriation of fixed assets is high.

### **Recommendations**

- The Force should ensure that Fixed Assets Register is maintained as required under the Finance Manual 2011.
- To avoid loss of electronic data, the Force should ensure that adequate backup copies of relevant data is prepared and maintained at a separate location.

### **Force's Comments**

*Comments and recommendations are noted and the following actions will be taken:*

- Sections will be required to register the fixed asset prior to payment being processed. The asset registration number will be recorded on the payment voucher to indicate registration.*
- An asset audit for the whole of RFMF is currently being undertaken with records being updated.*

## **18.14 Retirement of Accountable Advance**

The AO (P) must also record the travel advance in the debtors register in accordance with Part 9 of the Manual.<sup>20</sup> A travelling officer shall recoup the travel advance within seven (7) days of completing

<sup>20</sup> Fiji Military Forces Finance Manual 2011 – Section 8.1.10



travel by submission of an acquittal report with supporting documents.<sup>21</sup> Where an advance has not been acquitted within seven days of travel, the PAO shall effect recovery through a salary deduction after having obtained the approval of the Chief of Staff HQ RFMF.<sup>22</sup> Upon clearance of the advance, the AO (P) shall update the debtors' register, offset the advance account and debit appropriate expenditure account.<sup>23</sup>

The Force failed to maintain a debtor's register to record accountable advance given to the staffs. As such it was difficult for audit to validate the timely clearance of accountable advance taken by staffs during the year.

A list provided by the Force as at June 2012 revealed that some officers failed to clear their accountable advance on time. Refer Table 18.18 below for examples.

**Table 18.18: Examples of Un-cleared accountable advance as at June 2012**

Month	Cheque No.	Payee	Amount (\$)	Remarks
February	50362	W Makulau	200.00	To be retired
	50363	W Rairuku	200.00	To be retired
	50361	F Loto	200.00	To be retired
	51073	N Sukani	3,210.00	To be retired
March	20622	S Baravilala	405.00	To be retired
	27709	Viliame Buliciri	316.00	To be retired
	29135	Jowate Usawale	1,386.00	To be retired
	23596	T Rokotuiloma	305.22	To be retired
	29215	Sakeasi Baka	390.00	To be retired
	28833	Petero Varea	1,972.17	To be retired
	27278	Maciu Uluiviti	282.00	To be retired
April	30858	Saiasi Tove	261.00	To be retired
	23596	Tevita Rokotuiloma	135.00	To be retired
	24752	Gerad Rokoua	11,165.80	To be retired
May	25239	Anasa Waqa	837.00	To be retired
	29215	Sakeasi Baka	1,175.96	To be retired
	27959	Avinish Kumar	1,175.96	To be retired

Failure to clear accountable advance on time resulted in the under and over statement of related expenditure and Revolving Fund Account balance respectively. Hence, monthly or yearly reports presented to the management may not be fairly stated which may have an adverse effect on the decision making process.

### **Recommendation**

**The Force should ensure that accountable advances are cleared within the stipulated time and if not cleared salary deductions should be effected in accordance with Section 8.1 of the Finance Manual 2011.**

### **Force's Comments**

*RFMF will initiate salary deductions for un-cleared advances by end of September 2012 and provide OAG with updates.*

<sup>21</sup> Fiji Military Forces Finance Manual 2011 – Section 8.1.11

<sup>22</sup> Fiji Military Forces Finance Manual 2011 – Section 8.1.14

<sup>23</sup> Fiji Military Forces Finance Manual 2011 – Section 8.1.15

### 18.15 Payments made on Pro-forma Invoices

One of the controls put in place is the need to ensure that payments are processed using Invoices only and not through Pro-forma Invoices or a statement. However, where invoices cannot be obtained, all requests for payment through pro-forma invoice shall be referred to Ministry of Finance. Consideration will be made on a case by case basis and approval will be considered by the Chief Accountant, Treasury.<sup>24</sup>

Our audit noted that the Force continued to make payments on pro – forma invoices without obtaining prior approval from Ministry of Finance. Refer Table 18.19 below for examples.

**Table 18.19: Examples of Payments made on Pro-Forma Invoices**

Date	Cheque No.	Payee	Particulars	Amount (VIP) (\$)
26/01/11	39426	Joe's Farm Limited	Payment for the purchase of various farm produce	552.41
01/03/11	40252	Munaf Motor Parts Limited	Payment for purchase of four tyres for GN483	1,150.00
02/03/11	40283	Total Fiji Limited	Payment of gasoil for Engineers stock	1,569.61
25/03/11	40962	Joe's Farm Limited	Payment for the purchase of various farm produce	15,074.05
31/03/11	41073	Joe's Farm Limited	Payment for the purchase of various farm produce	6,793.81
31/03/11	41107	Joe's Farm Limited	Payment for the purchase of various farm produce	2,264.75

The risk of fraud, misappropriation and double payments are high if the Force continues to disregard internal controls in place to prevent such discrepancies.

#### **Recommendation**

**The Force must ensure that all payments are made on the strength of original invoices and not photocopied or proforma invoices.**

#### **Force's Comments**

*Observations are noted. Approvals for pre-payments are now being obtained from the Ministry of Finance. And unless certified as misplaced no payments are made on photocopied invoices.*

### 18.16 Non – Compliance to Tender Process

Public tenders must be called for any procurement of goods, services or works valued at \$30,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation 48 (1). Competitive quotes, instead of public tenders, may be called for procurements below \$30,000 unless the Commander has approved an exemption.<sup>25</sup>

The Force has been regularly purchasing stationeries from Xpress Office Supplies without obtaining any tender approval. The total stationery bills from Xpress Office Supplies for the years 2010 and 2011 were \$363,172.25 and \$358,078.60 respectively. Refer Table 18.20 for details.

<sup>24</sup> Finance Circular – Circular no. 15/2010 dated 11/11/2010

<sup>25</sup> Fiji Military Forces Finance Manual 2011 – Section 2.3.1 & 2.3.2

**Table 18.20: Purchases Made From Xpress Office Supplies**

Month	2010 (\$)	2011 (\$)
February	2,745.74	33,004.98
March	45,588.82	26,094.77
April	16,195.45	32,992.17
May	28,406.60	13,229.19
June	28,036.89	47,622.28
July	37,699.49	31,901.91
August	31,963.54	43,017.38
September	36,813.66	23,337.70
October	25,980.02	27,659.51
November	41,753.33	37,456.33
December	67,988.71	41,762.38
<b>Total</b>	<b>363,172.25</b>	<b>358,078.60</b>

While the need for goods may have been necessary and urgent, it certainly does not require deviations from policies and guidelines governing the purchase of these good and services. Failure to do so could result in unauthorised procurement and over expenditure.

This issue was highlighted in the previous audit reports, where the Force commented that additional checking systems would be implemented by the Accounts Section to ensure that Units comply with RFMF Finance Manual Part 2 for the procurement of goods and services.

However this has not been implemented by the Force in 2011.

### **Recommendations**

- **The Force must call for annual tender for the supply of stationeries.**
- **Disciplinary action should be taken against those Officers who continue to disregard regulations governing the procurement of goods and services.**

### **Force's Comments**

*Observations and recommendations are noted.*

## **18.17 Overpayment to Total Fiji Limited**

Upon receipt of goods, services or works, the Quarter Master [QM] or OIC shall verify the receipt in good order and that the invoice is in accordance with the PO.<sup>26</sup>

The Principal Accounts Officer, Senior Accounts Officer or Accounts Officer must not certify a payment as correct unless they are satisfied that:

- i. It is accordance with an PO, indent, contract, invoice or other authorisation;
- ii. There is documentation that the goods, services or works have been received;
- iii. Sufficient uncommitted funds are available for payment of the accounts;
- iv. The account is not fraudulent and had not been previously paid;
- v. The expenditure account it is charged to is correct.<sup>27</sup>

<sup>26</sup> Fiji Military Forces Finance Manual 2011 – Section 2.5.11

<sup>27</sup> Fiji Military Forces Finance Manual 2011 – Section 2.8.4

Our audit noted that the Force raised five Local Purchase Orders totalling \$72,852.23 to Total Fiji Limited for the purchase of fuel during the year. However, invoices received from Total Fiji Limited showed that the Force owed \$61,319.46 resulting in a variance of \$11,532.77. Refer Table 18.21 below for details.

**Table 18.21: LPO versus the Invoice Amount**

LPO DATE	LPO Number	LPO Amount \$	Invoice Date	Invoice Number	Invoice Amount (\$)
12/07/11	PO19105 - 006278	1,470.87	29/07/11	4019098285	1,470.87
19/07/11	PO19105 - 006341	1,562.92	19/07/11	4019096920	1,585.34
20/07/11	PO19105 - 006370	3,085.89	29/07/11	4019098283	3,488.39
01/08/11	PO19105 - 006280	42,871.61	15/07/11	4019096685	33,336.56
01/08/11	PO19105 - 006279	23,860.94	19/07/11	4019097078	21,438.30
<b>Total</b>		<b>72,852.23</b>			<b>61,319.46</b>

The Force paid \$72,852.23 to Total Fiji Limited on 09/08/11 through cheque number 44939 resulting in the overpayment of \$11,532.77.

The above finding increases the risk of fraud and misappropriation of funds. The Force lacked proper supervisory checks on payments made to suppliers.

### **Recommendations**

- The Force should make a concerted effort to recover the overpaid amount from the supplier concerned. And if recovery is not possible, the Force should further investigate this matter and take appropriate action.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.

### **Force's Comments**

*RFMF notes the observations and recommendations. A letter has been given to the company (Total Fiji Ltd) on 28/8/12 requesting recovery of overpayment.*

*Furthermore additional controls has been put in place*

- *A debit and credit memo hard copy to be approved by the Principal Accounts Officer.*
- *Accounts Officer to open a debit/credit memo register*

## **18.18 Payment of Shipping Franchise**

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.<sup>28</sup>

The Principal Accounts Officer, Senior Accounts Officer and Accounts Officer must not certify a payment as correct unless they are satisfied that:

<sup>28</sup> Fiji Military Forces Finance Manual 2011 – Part: 2 – Expenditure – Introductory Paragraph  
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- i. It is in accordance with a purchase order, indent, contract, invoice or other authorisation;
- ii. There is documentation that the goods, services or works have been received;
- iii. Sufficient uncommitted funds are available for payment of the account;
- iv. The account is not fraudulent and has not been previously paid and;
- v. The expenditure account it is charged to be correct.<sup>29</sup>

The Fiji Military Forces through the Government Shipping Services scheme pays franchise grants to shipping companies that service the maritime islands in Fiji at a subsidized rate.

The Force uses a formula in order to compute the subsidy payments to be made to the shipping companies. The formula is based on a point scoring system where the points are determined primarily on the basis of the timeliness of the voyage to their respective destination. The point system is as follows:

- Twenty points are added when the voyage is on schedule;
- Eighteen points are added when the voyage is a day late;
- Fifteen points are added when the voyage is two days late;
- Ten points are added when the voyage is three to four days late; and
- Five points are added when the voyage is five to six days late.

The formula used to compute the payments is as follows:

$$\text{Payments due for voyage} = \frac{(\text{points scored for voyage multiply by agreed voyage franchise rate})}{100}$$

However, our audit noted the following anomalies in the computation and payment of franchise grants:

- The basis for payment of subsidy for franchise grants was not clear as the Force failed to provide the audit with the agreed voyage franchise rate.
- The acquittals provided by the shipping companies did not disclose on how the franchise rates is used to calculate the subsidy payment per trip.
- The acquittal report did not clearly indicate the arrival and departure time of the voyage in order to determine the accurate franchise payments to be made to the Shipping companies.
- The calculation and determination of the franchise payment is done by the naval section whereby the accounts section is only required to process the payment with little foreknowledge of rationale behind the amounts that was being paid. Refer Table 18.22 below for examples of payments made in 2011.

**Table 18.22: Franchise Payments**

Date	Cheque No.	Payee	Particulars	Amount (\$)
23/02/11	40032	Blue Lagoon Cruises	Payment of franchise route taken by vessel Nanuya Princess to Rotuma from 11 January to 15 January 2011	11,000
23/02/11	40034	Lau Shipping	Payment of franchise route taken by vessel Lau trader to Northern and lower Southern Lau	33,000
23/02/11	40033	Consort Shipping	Payment of franchise route taken by vessel SOFE to Lomaiviti on 11 January 2011	7,500
23/02/11	40035	Seaview Shipping	Payment of franchise route taken by vessel Sandy to Lomaiviti, Southern Lau and Yasayasa Moala	32,800

<sup>29</sup> Fiji Military Forces Finance Manual 2011 – Section 2.8.4

Date	Cheque No.	Payee	Particulars	Amount (\$)
23/02/11	40036	Villa Holiday Homes	Payment of franchise route taken by vessel Lady Geraldine Trader to Yasawa and Malolo	22,000
14/07/11	44084	Bligh Water Shipping Limited	Being franchise grant & observer payments to the above payee for services rendered to Vanuabalavu	7,500
05/08/11	44828	Horizon Shipping Company Limited	Being payment for franchise grant to service Lomaiviti	8,000
24/08/11	45401	Horizon Shipping Company Limited	Being payment to Horizon Shipping Services for franchise grant, observer fare and meals as per acquittals	8,276
25/08/11	45408	Horizon Shipping Company Limited	Being payment of franchise grant, observer fare and meals	15,480
09/08/11	44925	Seaview Shipping Services	Payment for provision of sea freight service carrying cargoes and passengers from Suva to Upper Southern Lau to Suva covered under franchise scheme	31,000
09/08/11	44924	Lau Shipping	Being payment of franchise claim for Northern Lau	15,000
20/10/11	47342	Consort Shipping Line	Being payment for franchise grant	7,500
10/11/11	47911	Horizon Shipping Services Fiji	Being payment for franchise and observers fare	8,276
16/09/11	46135	Horizon Shipping Services	Being payment to Horizon Shipping Services for franchise grant and observer fares	8,276
26/09/11	46507	Horizon Shipping Services	Being payment of franchise grant to Baba Tokalau	8,000
01/09/11	45683	Seaview Shipping Services	Being payment for provision of services for Suva to Rotuma to Suva and Suva to yasayasa Moala to Suva covered under the franchise scheme	31,800
09/09/11	45946	Horizon Shipping Services	Being payment to Horizon Shipping Services for franchise grant to Baba Ceva, Kadavu	12,276
09/09/11	45951	Lau Shipping Company Limited	Being payment of franchise grant to Lau Shipping Company to service Northern Lau	15,000
09/09/11	45956	Seaview Shipping Services	Being payment to Seaview Shipping Services for franchise grant to upper Southern Lau	13,000
09/09/11	45960	Villa Holiday	Being payment to Villa Holiday for franchise grant to Yasawa	11,000
07/10/11	45970	Horizon Shipping Services Fiji Limited	Being payment of franchise claims for the month of September to Baba, Ceva Kadavu	12,000
07/10/11	46971	Lau Shipping Company Limited	Being for franchise payment for lower Southern Lau	18,000
07/10/11	46973	Seaview Shipping Services	Being payment of franchise grant for shipping services from Suva to Yasayasa Moala to Suva and from Suva to lower Southern Lau to Suva	29,800
12/10/11	47019	Horizon Shipping Services	Being payment to Horizon Shipping Services for franchise grant and observer fees	8,276
19/10/11	47206	Lau Shipping Company Limited	Being payment of franchise grant to Northern Lau	15,000

In 2011, total subsidy paid to the Shipping companies amounted to \$1,426,077.63. As an internal control mechanism, it is important that the accounts department is fully aware of how the calculation for the franchise payment is carried out.

The findings indicated that the Force did not properly manage franchise payments. Such practices also indicated the lack of or poor coordination and communication between the accounts and naval section. Without proper controls the risk of overpayments or fraud is high.

### **Recommendations**

- **The Force must ensure that all supporting details, acquittals and rationale behind every amount to be paid are provided to the accounts section for their check before payments are made.**
- **The internal control procedures in the Accounts and Naval Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**
- **The Force should address these shortcomings by communication and coordinate matters affecting franchise payments in a timely manner between the Accounts and Naval Sections.**

### **Force's Comments**

***The basis for payment of subsidy for franchise grants is not clear as the force failed to provide the audit with the agreed voyage franchise rates.***

*The agreed franchise rates were based on the previous rates as set by the Fiji Shipping Corporation when it used to run the franchise scheme. These rates were stipulated in contracts with the shipping companies when tenders for servicing of the route were awarded. Franchise route cost was not based on a formula but this will be introduced this year when the new tenders are awarded.*

***The acquittals provided by the shipping companies does not disclose on how the franchise rates is used to calculate the subsidy per trip.***

*The agreed franchise rates were based on the previous rates as set by the Fiji Shipping Corporation when it used to run the franchise scheme. These rates were stipulated in contracts with the shipping companies when tenders for servicing of the route were awarded. Franchise route cost was not based on a formula but this will be introduced this year when the new tenders are awarded.*

***The acquittal report does not clearly indicate the arrival and departure time of the voyage in order to determine the accurate franchise payments to be made to the shipping companies.***

*This is an area that GSS will be adding to the acquittal report but in the forms received from the shipping company and checked by HQ Navy are details of the voyage report, including dates, departure and arrival times, verification signature at port of call, marine clearance issued by MSAF, media receipt for voyage advertising and statistical report. This is all verified by HQ Navy before authorizing GSS Accounts to make payments. This is an internal process which GSS will endeavor to be reflected in acquittals if necessary. Verification of voyage is also carried out manually with observers on board, at the dock during departure and interviews with passengers.*

***The calculation and determination of the franchise payment that is to be made to shipping companies is done by the naval section whereby the account section is only required to process the payment with little foreknowledge of rationale behind the amounts that is being paid.***

*As stated above this is an internal process where all documentation required from the shipping company is perused by HQ Navy prior to authorizing payments. There have been occasions when the departure dates have been shifted this being due to adverse weather etc and this has been communicated to HQ Navy well prior to forecasted departure dates. Also when ships are due for surveys this has been communicated to HQ Navy and scheduled trips adjusted till after the ship has been slipped.*

*GSS together with HQ Fiji Navy have managed the franchise scheme for over a year now, since its hand over from Fiji Shipping Corporation to GSS. With the absence of any policy documents regarding the management of the franchise scheme this HQ has endeavored to manage the scheme prudently. Questions raised by the audit have been taken into consideration and measures have been implemented so that proper controls are maintained.*

*Furthermore contract rates will be provided to the Accounts section for verification purposes.*

## 18.19 Breaches of Procurement Procedures

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.<sup>30</sup> A FMIS generated purchase order shall be issued when procuring any goods, services or works from an organisation within Fiji, unless a contract or agreement has been entered into.<sup>31</sup> Agencies must have procedures in place to ensure that invoices or statements are not paid twice and that fraudulent claims are not paid.<sup>32</sup>

Competitive quotes, instead of public tenders, may be called for procurements below \$30,000 unless the Commander has approved an exemption.<sup>33</sup> Any officer who authorises expenditure exceeding his/her procurement limit, including by splitting purchase orders, shall be liable for surcharge to repay the unauthorised amounts.<sup>34</sup>

Details of each invoice or other source document for a payment must be promptly and accurately entered into the fields provided, these includes –

- (a) The correct voucher amount (Vat Inclusive Price);
- (b) The invoice date;
- (c) The correct vendor identification of the supplier or payee;
- (d) The invoice identification, the local purchase order number it relates to, and, where applicable, payment terms;
- (e) The correct tax code;
- (f) The correct Bank code if agencies have more than one bank account; and
- (g) The ledger account it is charged to.<sup>35</sup>

All expenditures above \$10,000 must be approved by the Commander.<sup>36</sup>

Our audit of payment records noted the following anomalies:

- There was no evidence to indicate that competitive quotes were obtained for purchases of goods and services below \$30,000.
- On numerous occasions local purchase orders were issued by the Force after invoices have been received.
- ITC's recommendations were not sought while procuring the computers.

Refer to *Appendix 18.3* for examples.

The findings indicated that proper procurement procedures were not always followed by the Force when procuring goods and services.

<sup>30</sup> Fiji Military Forces Finance Manual 2011 – Part: 2 – Expenditure – Introductory Paragraph

<sup>31</sup> Fiji Military Forces Finance Manual 2011 – Section 2.5.1

<sup>32</sup> Finance Instructions 2010 – Section 14 (7)

<sup>33</sup> Fiji Military Forces Finance Manual 2011 – Section 2.3.2

<sup>34</sup> Fiji Military Forces Finance Manual 2011 – Section 2.2.3

<sup>35</sup> Finance Instructions 2010 – Section 14 (1)

<sup>36</sup> Internal Memo dated 10/08/10



**Recommendations**

- The Force should ensure that all procurement procedures stated in the Finance Instructions and Force's Finance Manual is complied with at all times.
- The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.
- The Force should address these shortcomings by communication and coordinate matters affecting payments in a timely manner between the various divisions within the Force and the Accounts Sections.

**Force's Comments**

*The Force acknowledges observations and recommendations highlighted and will ensure to comply with the RFMF Finance Manual.*

**APPENDICES****Appendix 18.1: Overdrawn Operating Trust Fund Accounts**

Allocation	Description	Amount (\$)
11910119999861102	384 PD OPR Current Year	277.22
11910119999861104	208 PD Rent H/A Unestablished	870.23
11910119999861105	267 PD Rent Public Rental Board	5,154.79
11910119999861106	390 PD GOV Water Rates Charges	12,936.72
11910119999861202	241 PD CMLA	68,567.72
11910119999861204	244 PD-LICI	101,415.94
11910119999861207	247 PD Blue Shield	183.42
11910119999861299	PD Others	420,870.93
11910119999861306	263 PD Housing Authority	12,877.78
11910119999861308	266 PD FDB Housing	24,640.10
11910619999861399	PD Others	133.48
11910119999861401	068/211 PD Rent Refund	74,247.26
11910119999861511	301 PD FPS Credit Union	12,978.37
11910119999861514	304 PD Fiji Nursing & Association Credit Union	1,295.00
11910119999861525	316 PD Service Worker CU	75.45
11910119999861532	PD Public Employee Union	126.20
11910119999861533	Wesram Finance	13,708.13
11910519999861534	254 PD Unity Insurance - FTU	115.00
11910119999861536	Handy Finance Ltd	6,964.10
11910119999861599	PD Others	1,006,031.40
11910119999861601	341 PD Maintenance – Suva	15,426.00
11910119999861602	342 PD Maintenance – Nausori	227.30
11910119999861605	345 PD Maintenance – Ba	324.00
11910119999861606	346 PD Maintenance – Lautoka	1,474.00
11910119999861607	347 PD Maintenance – Nadi	400.00
11910119999861608	348 PD Maintenance – Sigatoka	325.00
11910119999861609	349 PD Maintenance – Labasa	693.00
11910119999861610	350 PD Maintenance – Levuka	60.00
11910119999861612	352 PD Maintenance – Taveuni	15.00
11910119999861614	355 PD Maintenance – Suva Domestic	15.00
11910119999861701	357 PD Rate - Suva	13,768.81
11910119999861702	364 PD Rate - Nausori	808.31
11910119999861706	361 PD Rate - Lautoka	709.43
11910119999861707	360 PD Rate - Nadi	20.00
11910119999861716	PD Rates - Nasinu	35,179.28
11910119999861801	410 PD Rent Special Grade	2,387.78
11910119999861901	201 PD Tax Arrears / PAYE	339,778.78
11910119999861911	385 PD Sports and Social	2,773.85
11910119999861920	501 P D Employees FNPF	3,640,391.34
11910119999861999	Payroll Deduction Miscellaneous	175,550.62
<b>Total</b>		<b>5,993,796.74</b>

## Appendix 18.2: Suspense Account – FNPF's record does not match with FMF's record

Regimental Number	Regular Force Employees	FNPF No.	Unit
20148	Vereimi Railati	2220523	2 Fiji Infantry Regiment (FIR)
24599	A Vakavuruulu	1313441	2 Fiji Infantry Regiment (FIR)
26549	Esiromi Namaralevu	1405388	3 Fiji Infantry Regiment (FIR)
28957	Isoa Vurewa	OB330	3 Fiji Infantry Regiment (FIR)
31198	Joji Natua	2520847	3 Fiji Infantry Regiment (FIR)
31408	Josateki Mocevakaca	2526177	3 Fiji Infantry Regiment (FIR)
28009	Josefa Raiyawa	1402112	3 Fiji Infantry Regiment (FIR)
29316	Josese Qaranigio	1703316	3 Fiji Infantry Regiment (FIR)
23433	Jovesa Turaganivolo	1002712	3 Fiji Infantry Regiment (FIR)
24323	Lagivala Tubuanakoro Logavatu	1018883	3 Fiji Infantry Regiment (FIR)
31022	Laitia Rayasi Lalakobau	2520066	3 Fiji Infantry Regiment (FIR)
25810	Niumaia Tagilala	1302229	3 Fiji Infantry Regiment (FIR)
26397	Sevuloni Kadreli	1318391	3 Fiji Infantry Regiment (FIR)
30330	Joeli Mataniwai	212526	3 Fiji Infantry Regiment (FIR)
30400	Jalesi Bavadra Daurua	2316534	3 Fiji Infantry Regiment (FIR)
30651	Josaia Bulivakarua	2310660	3 Fiji Infantry Regiment (FIR)
24280	Ravuama Ratuvuki	1306824	3 Fiji Infantry Regiment (FIR)
26069	Solomone Tikoemoala	MN653	3 Fiji Infantry Regiment (FIR)
31203	Tevita Tikoikorovou	2521789	3 Fiji Infantry Regiment (FIR)
30641	Taniela Navue Qevia	2310662	3 Fiji Infantry Regiment (FIR)
23424	Vero Raitamata	MM171	3 Fiji Infantry Regiment (FIR)
30255	Ratu Meli Vuetikubuna	2221320	4 Fiji Infantry Regiment (FIR)
29648	Usaia Tawase	QG332	4 Fiji Infantry Regiment (FIR)
24603	Ponipate Bainivalu	1308839	4 Fiji Infantry Regiment (FIR)
23183	Saimoni Saganalevu	1314824	4 Fiji Infantry Regiment (FIR)
29710	Etonia Diligoilagi Rokolaqa	2018325	5 Fiji Infantry Regiment (FIR)
25480	Jolame Nakutalivaliva	1314689	5 Fiji Infantry Regiment (FIR)
23556	Setareki Soko	1306802	5 Fiji Infantry Regiment (FIR)
28463	Simione Nabutulovo	1423361	5 Fiji Infantry Regiment (FIR)
27117	Viliame Donu	2403992	5 Fiji Infantry Regiment (FIR)
27088	Akuila Cakacaka	1419692	Engineers
28126	Anare Maafu	1402374	Engineers
29875	Aneri Betevua	2212461	Engineers
31757	Apisalome Tukai Taloga	2580702	Engineers
30549	Emosi Qaumila	2303252	Engineers
23258	Iosefo Vulaca	1322721	Engineers
29435	Joseva Vesikula	2005775	Engineers
29095	Kobula Esala Donu	1425776	Engineers
30837	Labailagi Navunicagi	2415472	Engineers
31207	Lui Jese Tubuna	2425497	Engineers
30805	Netava Lomasalato	2407465	Engineers
27193	Orisi Canaivalu	1203941	Engineers
31604	Sakuia Q. Dolesau	2303534	Engineers
27091	Seru Kobiti	1314446	Engineers
27219	Stanley Gonewai	1305143	Engineers
31585	Tevita Bolekinaivalu	2529355	Engineers
27182	Makaario Liganivai	MS558	Engineers
30257	Tevita Naiduki	2309046	Engineers
23643	Apakuki V Masilaca	422334	Force Training Group (FTG)
31505	Jesoni Nailagodakua	2574103	Force Training Group (FTG)
26111	Josefa Adrole	1314563	Force Training Group (FTG)

Regimental Number	Regular Force Employees	FNPF No.	Unit
27027	Joseph Lilo	1302213	Force Training Group (FTG)
31436	Rusiate Batiratu	2700833	Force Training Group (FTG)
23683	Joep Seniloli	1322741	Force Training Group (FTG)
28429	Nacani Sitima	NS335	Force Training Group (FTG)
30627	Ramisesse Kolinio Nadege	2310676	Force Training Group (FTG)
30562	Solomoni Saudromodromo	2310655	Force Training Group (FTG)
30896	Vasemaca D. K. Vuicuvu	2507882	Force Training Group (FTG)
22519	Firipo Furivai Inia	1106668	Land Force Command (LFC)
31597	Lasarusa Bulusaya	2320342	Land Force Command (LFC)
22798	Peterosio Nasevu	1303149	Land Force Command (LFC)
26855	Siriekeo Masala Lawakeli	KN415	Land Force Command (LFC)
26919	Sitiveni Delai	KI609	Land Force Command (LFC)
31078	Lanieta Vika White	2509090	Land Force Command (LFC)
25268	Meli Bulitiliva	1223439	Land Force Command (LFC)
25444	Neumi Lautabui	1102662	Land Force Command (LFC)
31431	Raymond Sauliga Bari	2550142	Land Force Command (LFC)
23845	Suliasi Rayaqona	GE615	Land Force Command (LFC)
27948	Vani Vasuitoga	SD739	Land Force Command (LFC)
30555	Vilime Sigamasi	3303230	Land Force Command (LFC)
25625	Bukadrokadroka Paula Salabula	1312287	Logistic Support Unit (LSU)
30371	Emosi Anthony Dunn	413465	Logistic Support Unit (LSU)
24134	Josefa Naisua Suiqa	814720	Logistic Support Unit (LSU)
25759	Ledua Vosavakadua	1312240	Logistic Support Unit (LSU)
31825	Mitili Roko	705771	Logistic Support Unit (LSU)
31061	Vaseva Tavaga	2509127	Logistic Support Unit (LSU)
31229	Lisala Vetaukula	2521786	Logistic Support Unit (LSU)
29059	Samisoni Naria	1523224	Logistic Support Unit (LSU)
31918	Alipate Waqa Vulagi	2552382	Navy
31956	Apenisa Cavuilati	2574400	Navy
31968	Inoke Rokoduru	2574469	Navy
31928	Isikeli Vuruna	2574922	Navy
31924	Isikeli Cava Baro	2535153	Navy
31951	Jone Ramacake Maravou	2706709	Navy
31881	Jone S Vakacokaivalu	2564719	Navy
31024	Joep Tabaki Vakaloloma	2509990	Navy
31945	Kelepi Bainivalu	2703671	Navy
23359	Meli Wara		Navy
31964	Osea Vakuruivalu	2574457	Navy
31908	Ruvendran	2571796	Navy
31923	Taniela Goneva	2570447	Navy
31903	Vinit Raj	2574469	Navy
27866	Iliesa Tuira	1226180	Navy
26192	Vilimoni Jikobalavu	1318451	Navy
26259	Emori Roqara Tuisovivi	1318115	Strategic Headquarters (SHQ)
25236	Jone Ladiniwasa	1314254	Strategic Headquarters (SHQ)
25485	Peni Vakaliwaliwa	1225146	Strategic Headquarters (SHQ)
24198	Waisea Vidredreki Drodrolagi	1305378	Strategic Headquarters (SHQ)
22705	Setefano Vuniwaqa	MV795	Territorial Forces (TF)
25451	Abele Vakatawabai	1314212	Territorial Forces (TF)
30832	Adriu Rakai	2013561	Territorial Forces (TF)
27928	Aisea Naulago Saqasere	1403272	Territorial Forces (TF)
31503	Amenatave B Naikawakawalagi	2522069	Territorial Forces (TF)
31728	Anania Ratuki		Territorial Forces (TF)
31637	Anaseini Diqoru	2562587	Territorial Forces (TF)
31649	Anisa Rokomulo	2406267	Territorial Forces (TF)

Regimental Number	Regular Force Employees	FNPF No.	Unit
30324	Apimeleki Ratoka	2302595	Territorial Forces (TF)
27007	Apisalome Lagi	2307725	Territorial Forces (TF)
21872	Apolosi Tabuavakarua	HM703	Territorial Forces (TF)
27095	Asaeli Matairavula	KH782	Territorial Forces (TF)
31821	Cabeta Tamanitoakula	2569599	Territorial Forces (TF)
27104	E Nayaloyalo		Territorial Forces (TF)
29503	Edward Paul Robinson	2020400	Territorial Forces (TF)
31784	Emosi T Volaukitoga		Territorial Forces (TF)
30530	Eroni Mapaitala		Territorial Forces (TF)
31869	Filipe Leke Sotia	2566108	Territorial Forces (TF)
24499	Filipe Kaicoco	JR213	Territorial Forces (TF)
27911	Florance Maria Chandra	3508034	Territorial Forces (TF)
22828	Frances Ratubuli Toronibau	NO755	Territorial Forces (TF)
30141	Ileisa T Kuruvata	1516916	Territorial Forces (TF)
23050	Isoa Bukarau		Territorial Forces (TF)
31628	Jale Baleilevuka	2565698	Territorial Forces (TF)
26246	Jale Niulevu	1111691	Territorial Forces (TF)
29695	Jekope Kurukurubure	2209415	Territorial Forces (TF)
31809	Jemesa Volaukitoga	2569601	Territorial Forces (TF)
31807	Jese Koro	2523823	Territorial Forces (TF)
27967	Jimi Poisuna	1302104	Territorial Forces (TF)
29147	Joape Tava	1610951	Territorial Forces (TF)
26665	Joasa Togavou	1114957	Territorial Forces (TF)
31848	Joave Rainima	2564250	Territorial Forces (TF)
31751	John Paul Smith		Territorial Forces (TF)
25777	Jone Savou	1314554	Territorial Forces (TF)
28388	Jone Solomone Kidia	1503529	Territorial Forces (TF)
25987	Jope Loloma	1311555	Territorial Forces (TF)
30466	Josaia D Kotoinaqetani	2303200	Territorial Forces (TF)
24968	Josaia Nala	1002181	Territorial Forces (TF)
30977	Josateki Labalaba	2422234	Territorial Forces (TF)
26944	Josua Vorokanauto	HV925	Territorial Forces (TF)
31594	Kauwata K Aropio	2420657	Territorial Forces (TF)
27141	Kitione Solinadrotini	JO176	Territorial Forces (TF)
27069	Kula Tukareva	NS333	Territorial Forces (TF)
31979	Kusitino Tukana	255799	Territorial Forces (TF)
31669	Ledua Luvu	2310976	Territorial Forces (TF)
22884	Lemeki Talanacol	1019177	Territorial Forces (TF)
29625	Leone Vukinalagi	1508498	Territorial Forces (TF)
31229	Lisala Vetaukula	2521786	Territorial Forces (TF)
31872	Marika Tagicakibau	2583893	Territorial Forces (TF)
29132	Meli Lacanivalu	1610656	Territorial Forces (TF)
31791	Napolioni Vuadomo	2537009	Territorial Forces (TF)
31819	Navitalai Tuidravu		Territorial Forces (TF)
	Navunicagi Labailagi	2415472	Territorial Forces (TF)
22435	Neori Vuidreketi	GL853	Territorial Forces (TF)
31714	Osea Rabolamasei	2705929	Territorial Forces (TF)
21141	P Seniloli		Territorial Forces (TF)
29976	Paula Raveavea	VL858	Territorial Forces (TF)
29680	Peni Koroidegei	2119667	Territorial Forces (TF)
23548	Petero Hraf Shute	GK269	Territorial Forces (TF)
27505	Ponipate Vula	HJ417	Territorial Forces (TF)
26022	Romeo Qaganilawa	1314820	Territorial Forces (TF)
25686	S Fisher	OM925	Territorial Forces (TF)
22266	Sailosi Samasi	1213873	Territorial Forces (TF)

Regimental Number	Regular Force Employees	FNPF No.	Unit
31456	Sakuia Naiorosui		Territorial Forces (TF)
31725	Salesi Maleba Rasekaseka	2567802	Territorial Forces (TF)
25254	Salimoni Tukana	1306867	Territorial Forces (TF)
31689	Samisani Namanumanu	2570406	Territorial Forces (TF)
23610	Samu Teidamu	MV791	Territorial Forces (TF)
23699	Samuela Nagelevuki Matiavi	MF803	Territorial Forces (TF)
24065	Samuela Waituruturu		Territorial Forces (TF)
31860	Semiti Waqaitukana	2541228	Territorial Forces (TF)
28787	Seremaia Tuicakau	PT767	Territorial Forces (TF)
31380	Suliano Lomaca	2534341	Territorial Forces (TF)
31214	Suliasi Lavaki	2424581	Territorial Forces (TF)
27687	T Seniloli	1320476	Territorial Forces (TF)
30076	Taito Rokobaiu		Territorial Forces (TF)
28621	Taniela Turagarua	2527118	Territorial Forces (TF)
31771	Temo Dacacacaka Tupua	2578827	Territorial Forces (TF)
31707	Temo Qalobula		Territorial Forces (TF)
30257	Tevita Naiduki	2309046	Territorial Forces (TF)
30152	Tevita Tabu	1726411	Territorial Forces (TF)
25180	Timoci Tabaka	PT399	Territorial Forces (TF)
28162	Tomasi Loaladravu	ME311	Territorial Forces (TF)
24976	Tuisavusavu Vola	NG613	Territorial Forces (TF)
	V. Domonakibau	1224283	Territorial Forces (TF)
30148	Vereimi Railati	2220523	Territorial Forces (TF)
30555	Viliame Sigamasi	2303230	Territorial Forces (TF)
31863	Vilimaina Ratukula	2506258	Territorial Forces (TF)
31022	Vuniani Vasuca	2021622	Territorial Forces (TF)
27816	Watisoni Waqa	1402450	Territorial Forces (TF)
31683	Aisake Naituyaga	2562598	Territorial Forces (TF)
28017	Emosi Natokatau	1313435	Territorial Forces (TF)
25930	I Wainiqolo	1402815	Territorial Forces (TF)
25617	Isei Matakicakau	1220224	Territorial Forces (TF)
26864	Jolame Qiodravu Cegumalua	2319542	Territorial Forces (TF)
32005	Kelevi Lenaitasi	2593782	Territorial Forces (TF)
23707	Kositatino Matakibau		Territorial Forces (TF)
31830	Lenaitasi Vakatora	2223456	Territorial Forces (TF)
23322	Leveni Vunibola	1008639	Territorial Forces (TF)
31781	Marika Vesilou	2528886	Territorial Forces (TF)
29521	Mikaele Peni Likusuasua	1620103	Territorial Forces (TF)
28411	Osea Vakuruivalu	1501883	Territorial Forces (TF)
24970	P. Matamosi	NW254	Territorial Forces (TF)
22096	Peni Rasinupate	1306725	Territorial Forces (TF)
29739	Poasa Nawacolevu	UD339	Territorial Forces (TF)
24403	Pomanu Tanakasi	1120957	Territorial Forces (TF)
26463	Rusiate Valeusa	1318487	Territorial Forces (TF)
29481	Sailosi Vonotabua	1706715	Territorial Forces (TF)
24082	Saula Kuroqase	GW368	Territorial Forces (TF)
31575	Samuela T Bakani	2562177	Territorial Forces (TF)
29975	Savenaca Vucago		Territorial Forces (TF)
24067	Sevuloni Tuimale		Territorial Forces (TF)
26505	Solomoni Baravilala	110284	Territorial Forces (TF)
29613	Talaisi Vugakoto Koro	2216779	Territorial Forces (TF)
24531	Tevita Q Vudinibola	1119484	Territorial Forces (TF)
31581	Timoci U V Bavadra	2562628	Territorial Forces (TF)
24819	V T Dawai		Territorial Forces (TF)
25683	Venione Nasea	ML344	Territorial Forces (TF)

Regimental Number	Regular Force Employees	FNPF No.	Unit
24518	Viliame Rasila	1405698	Territorial Forces (TF)
24415	Y Sorovakayawa		Territorial Forces (TF)

**Appendix 18.3: Breaches of Procurement Procedures**

Date	Cheque No.	Payee	Particulars	Amount (\$)	Remarks
04/10/11	46744	Freshet International	Being payment for 100 pieces of bread.	1,587.00	Three competitive quotations were not obtained.
01/07/11	43772	Dee Cees Bus Limited	Being payment for bus services rendered.	3,700.00	Three competitive quotations were not obtained.
18/05/11	42358	Crown Imports Limited	Being payment for the supply of 200 pieces of knife, fork and spoon set at \$12 per set.	2,400.00	Three competitive quotations were not obtained.
19/07/11	44311	Vinod Patel	Being payment for the purchase of swiss tarpaulin 30x40 silver grey	1,300.00	<ul style="list-style-type: none"> <li>The invoice and LPO was raised on 11/05/11 where else the competitive quotations from companies (Vinod Patel, RC Manubhai and GMR Mohammed) were obtained on 12/07/11 and 14/07/11.</li> <li>As per the invoice the payment was due on 30/06/11 but the Force made the payment on 19/07/11(which is after the due date) hence could attract late payment penalties.</li> </ul>
29/06/11	43604	Hughtamaki Wholesalers Fiji	Being payment for the supply of 400 long loaves of bread for 12 days at \$1.10 each, 7 medium sliced bread for 12 days at \$1.10 each.	5,431.20	<ul style="list-style-type: none"> <li>Three competitive quotations were not obtained.</li> <li>Invoice date was 18/05/11 whilst the LPO date was 06/06/11. This indicates that the payment was retrospectively approved.</li> </ul>
19/05/11	42486	Tiri Enterprises	Being payment for 998.2 kg of peeled dalo.	1,397.48	Three competitive quotations were not obtained.
24/06/11	43522	Priya Laundry Services	Being payment to Priya Laundry Services for laundry services.	8,362.19	<ul style="list-style-type: none"> <li>Three competitive quotations were not obtained.</li> <li>Invoices 750, 891, 930, 964, 892, 984, and 974 were dated 04/04/11, 01/05/11, 05/05/11, 18/05/11, 04/05/11, 25/05/11 and 26/05/11 respectively while the LPO was raised on 20/06/11 and was split into two payments (PO19106-00040 for \$4,896.57 and PO19102-011119 for \$3,465.62) for the same payment.</li> </ul>
01/09/11	45679	Nertworld Computers	Being payment for formatting, of PC and reloading, cleaning, virus in the system, back up and restoring of data and installing of new hard drive.	4,932.35	<ul style="list-style-type: none"> <li>Three competitive quotations were not obtained.</li> <li>ITC recommendation was not sought for these services before giving it out to the private company.</li> <li>Invoices were all dated 01/08/11 whereas the POs</li> </ul>



Date	Cheque No.	Payee	Particulars	Amount (\$)	Remarks
					were raised after the payment dates and were split into two payments (PO19106-00061 dated 26/08/11 for \$2,745.05 and PO19106-000654 dated 24/08/11 for \$2,187.30).
24/08/11	45376	Ricoh Business Centre	Being payment for new photocopying machine less trade in value.	12,990.00	<ul style="list-style-type: none"> <li>Three competitive quotations were not obtained.</li> <li>Commander's approval as required was not sought for this payment as it was above \$10,000.</li> </ul>
12/10/11	47024	Vuniyarawa's Rootcrop Supplies	Being payment for cassava and dalo as per invoices 137 to 143.	5,100.00	<ul style="list-style-type: none"> <li>Three competitive quotations were not obtained.</li> <li>Invoices 141, 142, 143, 137, 138 and 139 were dated 22/08/11, 25/08/11, 27/08/11, 15/08/11, 17/08/11 and 20/08/11 respectively while the PO19106-000690 was raised two months later on 03/10/11.</li> </ul>
15/07/11	44223	Dee Cees Bus Limited	Being payment for bus services from army camp to Naisoumua, Tailevu, drop only.	1,250.00	<ul style="list-style-type: none"> <li>Three competitive quotations were not obtained.</li> <li>Invoice was issued on 11/05/11 while the Purchase Order was raised on 08/07/11.</li> </ul>
14/10/11	47075	Freshet International	Being payment for outstanding account	10,766.47	<ul style="list-style-type: none"> <li>Invoices 145727, 145728, 145729, 145730, 145731, 145747, 145748, 45749, 145757, 145758, 145759, 145766, 145767, 145789, 145799, 145800, 145806 and 145807 were dated 22/01/11, 24/01/11, 25/01/11, 26/01/11, 28/01/11, 29/01/11 and 31/01/11 respectively while the LPO was raised on 22/09/11.</li> <li>Commander's approval as required was not sought for this payment as it was above \$10,000.</li> </ul>
27/10/11	47478	Total Fiji Limited	Being payment for fuel	3,200.00	<ul style="list-style-type: none"> <li>Three competitive quotations were not obtained.</li> <li>Invoices 144, 145, 146, and 147 were issued on 30/08/11, 01/09/11, 05/09/11 and 08/09/11 respectively while the PO19106-000719 was raised later on 13/10/11.</li> </ul>
29/11/11	48533	Clariti South Pacific	Being payment for 2 HP8100 personal computers.	3,990.00	<ul style="list-style-type: none"> <li>Three competitive quotations were not obtained.</li> <li>ITC recommendation was not sought for these services before giving it out to the private company.</li> </ul>
29/12/11	49543	Office Products	Being payment for 4	9,980.00	<ul style="list-style-type: none"> <li>No Board of survey was</li> </ul>

Date	Cheque No.	Payee	Particulars	Amount (\$)	Remarks
			personal computers.		<p>conducted in order to determine the items to be written off and needed replaced.</p> <ul style="list-style-type: none"> <li>ITC recommendation was not sought for these services before giving it out to the private company.</li> </ul>
03/10/11	46715	Office Products	Payment of Dell latitude laptop.	3,095.00	<ul style="list-style-type: none"> <li>Three competitive quotations were not obtained.</li> <li>ITC recommendation was not sought for the purchase of laptop.</li> </ul>
29/12/11	49538	Vinod Patel	Being payment of hardware items.	3,435.15	Three competitive quotations were not obtained.
08/12/11	48872	Premier Distributors	Payment for cleaning of rubber tiles and cleaning of stainless steel done at RFMF LSU, SVC COY, ORS kitchen and Mess Kitchen respectively.	5,550.00	Three competitive quotations were not obtained.
07/12/11	48844	Kasabias Hardware	Payment of materials for the completion of 34 bed hostel at Black Rock.	2,878.24	Three competitive quotations were not obtained.



**Section 19****Fiji Police Force****Role and Responsibilities**

Formulation and implementation of policies related to national defence, domestic security and public order, citizenship, maritime surveillance, passports, residency, national day celebrations and responding to natural disasters.

**Maintain Law and Order and Uphold the Rule of Law Effectively and Efficiently**

- Portfolio Leadership Policy Advice and Secretariat Support.
- Successful prosecution.

**Redressing the law and order situation, enhancing the operation of the courts and improving access to justice to strengthen and uphold the rule of law.**

- Effective criminal investigation and detection services.
- Reliable intelligence services.

**To ensure peace and prosperity**

- Organisational effectiveness.
- Prevention of crime.
- Traffic enforcement and awareness.
- Special operation response.

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## PART A: FINANCIAL STATEMENTS

### 19.1 Audit Opinion

The audit of the 2011 accounts of the Fiji Police Force resulted in the issue of a qualified audit report, as the financial statements were not presented in accordance with the Financial Management Act. A Statement of Losses was not provided for audit contrary to section 71 (1) of the Finance Instructions 2010.

### 19.2 Statement of Receipts and Expenditure

The Force collected total revenue of \$1,855,777 and incurred a total expenditure of \$77,972,822 in 2011.

**Table 19.1: Statement of Receipts and Expenditure for 2011**

Description	2011 (\$)	2010 (\$)
<b>RECEIPTS</b>		
Police Clearance Fees	1,658,016	1,723,405
Licenses Fees	184,115	160,578
Other Agency Revenue	13,646	32,655
<b>TOTAL REVENUE</b>	<b>1,855,777</b>	<b>1,916,638</b>
<b>EXPENDITURE</b>		
<b>Operating Expenditure</b>		
Established Staff	64,391,677	66,787,063
Government Wage Earners	451,962	791,351
Travel & Communications	3,381,313	3,034,648
Maintenance & Operations	4,896,422	4,366,666
Purchase of Goods & Services	2,093,661	2,562,216
Operating Grants & Transfers	35,711	87,894
Special Expenditures	525,777	740,081
<b>Total Operating Expenditure</b>	<b>75,776,523</b>	<b>78,369,919</b>
<b>Capital Expenditure</b>		
Construction	241,542	416,796
Purchases	414,824	1,054,525
<b>Total Capital Expenditure</b>	<b>656,366</b>	<b>1,471,321</b>
Value Added Tax	1,539,933	1,330,758
<b>TOTAL EXPENDITURE</b>	<b>77,972,822</b>	<b>81,171,998</b>

Total revenue decreased by \$60,861 or 3% in 2011 compared to 2010. This was mainly due to decreases in issue of police clearance, renewing of licenses and repossessing of firearms.

Total expenditure decreased by \$3,199,176 or 4% in 2011 compared to 2010. This was mainly due to decreases in established staff cost by \$2,395,386 (4%), government wages earners cost by \$339,389 (43%), purchase of goods and services by \$468,555 (18%) and capital construction by \$175,254 (42%).

### 19.3 Appropriation Statement

The Force incurred expenditure totalling \$77,972,822 against the budget of \$76,959,564 resulting in an over-expenditure of \$1,013,258 or 1.3%.

Details of expenditure against the budget estimate are provided in Table 19.2.

**Table 19.2: Appropriation Statement for 2011**

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Carry – Over (\$)	Lapsed Appropriation (\$)
	<b>Operating Expenditure</b>						
1	Established Staff	62,561,109	0	62,561,109	64,391,677	0	(1,830,568)
2	Government Wage Earners	598,653	0	598,653	451,962	0	146,691
3	Travel & Communications	3,126,000	279,039	3,405,039	3,381,313	0	23,726
4	Maintenance & Operations	4,542,400	410,780	4,953,180	4,896,422	0	56,758
5	Purchase of Goods & Services	2,523,102	(442,810)	2,080,292	2,093,661	0	(13,369)
6	Operating Grants & Transfers	90,000	(46,000)	44,000	35,711	0	8,289
7	Special Expenditures	780,000	(211,834)	568,166	525,777	0	42,389
	<b>Total Operating Expenditure</b>	<b>74,221,264</b>	<b>(10,825)</b>	<b>74,210,439</b>	<b>75,776,523</b>	<b>0</b>	<b>(1,566,085)</b>
	<b>Capital Expenditure</b>						
8	Construction	500,000	10,825	510,825	241,542	0	269,283
9	Purchases	450,000	0	450,000	414,824	0	35,176
	<b>Total Capital Expenditure</b>	<b>950,000</b>	<b>10,825</b>	<b>960,825</b>	<b>656,366</b>	<b>0</b>	<b>304,459</b>
13	Value Added Tax	1,788,300	0	1,788,300	1,539,933	0	248,367
	<b>TOTAL EXPENDITURE</b>	<b>76,959,564</b>	<b>0</b>	<b>76,959,564</b>	<b>77,972,822</b>	<b>0</b>	<b>(1,013,258)</b>

## PART B: AUDIT FINDINGS

### 19.4 Incomplete Financial Statements

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

- A statement of receipts and expenditure;
- A profit and loss statement for each trading and manufacturing activity (where applicable);
- An appropriation statement;
- A statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- Notes to the statement of assets and liabilities for each trading and manufacturing activity (where applicable);
- A statement of losses;
- A trust account statement of receipts and payments (where applicable).<sup>1</sup>

The Force failed to submit the Statement of Losses contrary to the requirement of the Finance Instruction 2010.

As such, the accounts submitted for audit was not a full set of agency financial statements as required under the Finance Instructions.

#### Recommendations

- The Force should provide all statements as required in the Finance Instructions 2010 in the agency financial statements.
- The Force should ensure that accounting records are properly maintained and provided for audit verifications.

<sup>1</sup> Finance Instructions 2010 – Section 71 (1)

**Force's Comments**

*Your recommendations have been noted. The Statement of Losses report will be submitted to Force Accountant by our Board of Survey Unit so that it could be attached with AFS.*

**19.5 Over-Expenditure**

Each year, the Appropriation Act and Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the authorisation of the Ministry of Finance, pending approval by Cabinet.<sup>2</sup>

The Force at 31/12/11 incurred over-expenditure in SEG 1 – *Established Staff* and SEG 5 – *Purchase of Goods and Services* as follows:

**Table 19.3: Over – Expenditure**

SEG	Revised Budget (\$)	Actual Expenditure (\$)	Over-Expenditure (\$)
1 – Established Staff	62,561,109	64,391,677	1,830,568
5 – Purchases of Goods and Services	2,080,292	2,093,661	13,369
<b>Total</b>	<b>64,641,401</b>	<b>66,485,338</b>	<b>1,843,937</b>

Over-expenditure affects the Government's liquidity position and if not controlled, could lead to cash flow problems.

**Recommendations**

- **The Force should strictly adhere to Section 7 of the Finance Instruction 2010.**
- **The Force should ensure that proper planning and monitoring is in place to avoid over-expenditure.**
- **Expenditures should be reviewed against the budget allocation on a monthly basis to avoid over-expenditure.**

**Force's Comments**

*The Force has incurred over expenditure for SEG 1 because of the officers that were transferred from DPP to Police. The Force has paid their salaries and allowance on which the department was not budgeted for.*

*Further, short provisions in the special constabulary wages had also caused over expenditure in SEG 1. Therefore, for 2013 budget submissions we have factored true expenditures in accordance with our Establishments to avoid shortfall.*

**19.6 Overdrawn Trust Fund Accounts**

Trust Fund Accounts compromise monies, which are not the property of the state and not utilized for the purpose of government. In addition, Trust money is to be accounted for separately from public

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<sup>2</sup> Finance Instructions 2010 – Section 7

money and other money,<sup>3</sup> and by convention should always have credit balances. Thus, the trust fund accounts should not at any time be overdrawn.<sup>4</sup>

The Force's following operating trust fund accounts were overdrawn (debit balance) as at 31/12/11.

**Table 19.4: Overdrawn Trust Accounts**

Allocation	Description	Amount (\$)
1-20000-00000-861100	PD Revenue Accounts	3,871
1-20000-00000-861200	PD Insurance	308,966
1-20000-00000-861300	PD Loans & Advances	4,457
1-20000-00000-861600	PD Maintenance	12,582
1-20000-00000-861700	PD Rates	969
1-20000-00000-861900	PD Others	22,554

The overdrawing of Operating Trust Funds Account may have resulted from incorrect journal entries passed to these accounts or through mis-postings.

The overdrawn Trust funds are more or less are tantamount to unauthorised expenditures. It indicates lack of adequate internal control and supervision and a disregard for procedures in the Finance Instructions.

### **Recommendations**

- **The Force must ensure that the Trust Funds are not overdrawn at any time.**
- **The Force must investigate these overdrawn Trust Funds and take appropriate action.**
- **Internal Control procedures such as supervisory checks in the Accounts Section should be strengthened to avoid such anomaly.**

### **Force's Comments**

*The overdrawn trust fund accounts are for previous several years from the years 2006-2010. A Team has been appointed to reconcile these outstanding accounts and any adjustment of misallocation will be corrected. The timely reconciliations and monitoring of the trust accounts are put in place to avoid being overdrawn.*

## **19.7 Revolving Fund Account (RFA)**

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents.<sup>5</sup> If an advance has not been fully expended, the travelling officer must repay the balance within seven days of completing travel.<sup>6</sup>

In addition, upon clearance of the advance, the accounts officer shall update the debtors register, offset the advance account and debit the appropriate expenditure account.<sup>7</sup>

Significant portion of the Force's RFA balance has been carried forward from previous years. Refer Table 19.5 below for details.

<sup>3</sup> Section 25 (1) of the Financial Management Act 2004

<sup>4</sup> Finance Circular No. 4/98 of 30/03/98

<sup>5</sup> Force Finance Manual 2011 – Section 9.1.11

<sup>6</sup> Force Finance Manual 2011 – Section 9.1.12

<sup>7</sup> Force Finance Manual 2011 – Section 9.1.15



**Table 19.5: Outstanding Items under RFA**

Allocation	Description	Amount (\$)
1-20101-20101-560203	AR Individuals	12,519
1-20101-20101-570301	Advances	677,496
1-20101-20999-840602	Withholding Tax Payable	101,454
<b>Total</b>		<b>791,469</b>

The above balances are unnecessarily overstating the RFA balances.

In addition, a variance of \$101,484.47 was noted in the RFA account balance between the Force's records and the general ledger (FMIS) balance as follows:

**Table 19.6: Variance between Force's figures and FMIS**

Particulars	Force's Balance (\$)	FMIS Balance (\$)	Variance (\$)
Closing balance as at 31/12/11	689,984.93	791,469.40	(101,484.47)

The variance indicated that monthly reconciliations were not carried out properly by the Force.

### **Recommendations**

- **The Force must ensure that the Revolving Fund Account is reconciled with FMIS on a monthly basis and any variance noted is adjusted accordingly.**
- **The Force should take immediate actions to clear all long outstanding items reflected under RFA.**
- **The internal control procedures in the Accounts Section, specifically supervisory checks should be strengthened to avoid such discrepancies.**

### **Force's Comments**

*Your recommendations have been noted. A Team has been set up to reconcile these outstanding accounts and any misallocation to be corrected accordingly and where necessary appropriate recovery action will be taken.*

## **19.8 Anomalies in the Recruitment of Special Constables**

Subject to the provisions of this Act and to the directions of the Minister, the Commissioner may appoint such persons as he sees fit to be special constables.<sup>8</sup>

To be eligible for consideration, applicants must have attained a Pass in Fiji School Leaving Certificate Examination or higher tertiary education or a certificate in Pacific Policing or equivalent.<sup>9</sup>

Before a letter of appointment or contract of appointment is issued, a candidate selected for appointment must undergo medical examination and be passed as being in all respects physically and mentally fit by an authorized Medical Officer.<sup>10</sup> The employee must have a satisfactory police record.<sup>11</sup>

<sup>8</sup> Police Act Chapter 85 – Section 53 (3) (a)

<sup>9</sup> Fiji Police Force Recruit Selection – Eligibility Criteria

<sup>10</sup> General Orders 2011 – Section 203 (a)

<sup>11</sup> General Orders 2011 – Section 203 (b)

Our audit noted that proper procedures were not followed for recruiting the following special constables in 2011. The anomalies included failure in Fiji School Leaving Certificate (FSLC) and Curriculum Vitae (CV) not in the file. Refer Table 19.7 below for details.

**Table 19.7: Special Constables Recruitment**

SC No.	Name	Date of Enlistment	Anomalies in the Applications
4305	Sulita Lusiana Desirine	25/02/11	- Fail in FSLC - No CV sighted
4309	Vilikesa Kalau	30/04/11	- Fail in FSLC - No CV sighted
4311	Ame Gavidi Tagayawa	30/04/11	- Fail in FSLC - No CV sighted
4325	Timoci Matai Sailada	13/08/11	- Fail in FSLC - No CV sighted
4343	Isikeli Bukiyawa Bola	02/11/11	- Fail in FSLC - No CV sighted
4346	Apisai Usa	19/07/11	- No CV sighted - Fail in New Zealand Certificate Examination
4348	Keponi Paul	28/12/11	- Fail in FSLC - No CV sighted
4343	Isikeli N Vakau	02/11/011	- Fail in FSLC - No CV sighted
4291	Mavi Kuruvakatini	11/02/11	- FSLC Result not in file
4308	Esala Tuibua	30/04/11	- FSLC Result not in file - No CV sighted
4310	Sunia Kubu	30/04/11	- FSLC Result not in file - No CV sighted
4292	Ratu Napolioni Natadra	07/03/11	- FSLC Result not in file - No CV sighted
4293	Samisoni Naqica	04/02/11	- FSLC Result not file - No CV sighted
4335	Meli Nawaimalau	24/09/11	- FSLC Result not in file - No CV sighted
4334	Joeli Lutumailagi	21/08/11	- FSLC Result not in file
4335	Mitieli Nacagilevu	24/09/11	- FSLC Result not in file
4334	Isireli Rainibogi	14/09/11	- FSLC Result not in file
4341	Kameli Vanigi	02/11/11	- FSLC Result not in file
4342	Uraia Kanabuco Vaciloa	02/11/11	- FSLC Result not in file
4347	Livai Ikanikoda	28/12/11	- FSLC Result not in file - No CV sighted
4290	Senirusiate Nasoba	11/02/11	- FSLC Result not in file
4302	Prathana Kumari Ram	25/02/11	- No CV sighted
4294	Mesake Nawailevu	11/02/11	- No CV sighted
4307	Sitiveni Waqa	19/04/11	- FSLC Result not in file

By not following the proper recruitment procedure, the Force may not have selected the right people for the job or recruitment could have been made on favouritism and nepotism.

This issue was also reported in the 2010 Auditor General's report.

### **Recommendations**

- **PSC should investigate the recruitment of special constables and take appropriate action.**

- **The Force must ensure that proper recruitment procedure is followed when recruiting staff at any level in future.**

### **Force's Comments**

*The powers conferred upon the Commissioner of Police by Section 21(8) Decree No 6 will read as follows "notwithstanding anything to the contrary to any written law". The Commissioner of Police has the following powers in relation to the Fiji Police Force for all ranks and members of the Fiji Police Force:*

- To make appointment*
- To remove officers in the Fiji Police Force*
- To take Disciplinary action in the Fiji Police Force.*

*Therefore powers conferred upon the Commissioner of Police he had appointed officers as listed below:*

<b>SC NO</b>	<b>NAME</b>	<b>DATE OF ENLISTMENT</b>	<b>APPROVED BY</b>
4305	Sulita Lusiana	25.02.11	CP on 10.02.11
4309	Vilikesa Kalou	30.04.11	CP on 15.04.11
4311	Ame Gavidi	30.04.11	CP On 15.04.11
4325	Timoci Matai Sailada	13.08.11	CP on 15.08.11
4343	Isikeli Bukiyawa	2.11.11	CP on 2.11.11
4348	Keponi Paul	28.12.11	CP 06.12.11
4291	Mavi Kurivakatini	11.02.11	CP on 07.02.11
4308	Esala Tuibua	30.04.11	CP 15.04.11
4310	Sunia Kubu	30.04.11	CP on 05.04.11
4292	Ratu Napolioni Nataadra	07.03.11	CP on 07.02.11
4293	Samisoni Naqica	07.03.11	CP on 07.02.11
4340	Isireli Rainibogi	11.09.11	14.09.11
4341	Kameli Vanigi	02.11.11	CP on 02.11.11
4342	Uraia Vaciloa	02.11.11	CP on 02.11.11
4347	Livai Ikanikoda	28.12.11	06.12.11
4302	Prathana Kumari	25.02.11	CP on 10.02.11
4294	Mesake Nawailecu	11.02.11	CP on 07.02.11
4335	Miteli Nacagilevu	24.09.11	CO on 19.09.11
4290	Senirusiate Nasobu	11.02.11	CP on 07.02.11

## **19.9 Approved Establishment vs Actual Employment**

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the proper authorization of the Ministry of Finance, pending approval by Cabinet.<sup>12</sup>

Some sections of the Headquarters have officers in excess of the approved staff establishment. Refer Table 19.8 below for details.

**Table 19.8: Excess Staff**

<b>Grade</b>	<b>Budgeted Establishments by PSC</b>	<b>Actual Establishments by the Force</b>	<b>Excess Establishment</b>
PL03(ASP)	69	71	2

<sup>12</sup> Finance Instructions 2010 – Section 7

Grade	Budgeted Establishments by PSC	Actual Establishments by the Force	Excess Establishment
PL05 (SM)	0	5	5
PL05(SGT)	283	299	16
PL08 (PC)	450	584	134
Prosecution	0	70	70

There was no evidence that the Public Service Commission had approved the additional positions.

As a result the personal emolument allocation (SEG 1 – *Established Staff*) was overspent in 2011 by \$1,830,568.39.

### **Recommendations**

- **The Force should investigate this matter and take appropriate action.**
- **The Force must ensure that staff numbers are kept within the approved staff establishment or appropriate approval for an increase should be obtained from the PSC.**

### **Force's Comments**

*Our budgeted establishment with PSC is still the same. The actual establishment as mentioned was the promotion done previously but as move along the year's most of these officers will retire.*

*Police was also short provision in the Special Constabulary allocation that has been corrected and submitted in the 2013 Budget request.*

## **19.10 Unidentified FNPF Membership Numbers**

Every employer shall, as soon as any person not already a member of the Fund under the age of 55 years becomes his employee, register him on the appropriate form and forward such form to the Manager at the Office of the Fund within 1 month of the date of commencement of his employment.<sup>13</sup>

The Force has unidentified FNPF contributions of \$26,956.88 held with the Fiji National Provident Fund (FNPF). These officers have not been registered and their memberships are not known by the Fund. The reasons for the unidentified contributions are as follows:

- No FNPF numbers are quoted on the Contribution Schedule (CS) form;
- The name and number provided do not match with FNPF records; and
- Use of initials on the CS forms.

The above is due to delay in registration and difference in records of Force's members and the Funds. Refer to *Appendix 19.1* for details.

The unidentified members lose out on the benefits such as interest distributions.

### **Recommendations**

- **The Force must take appropriate action to register all unidentified employees.**
- **The Force should liaise with FNPF to identify the respective members.**

<sup>13</sup> FNPF Act (Cap 219) – Section 63; Part II - Regulation 7

**Force's Comments**

*Necessary measures will be in place at our Special Constables Registry for new employees, to submit TIN Numbers, FNPF Numbers and/or first register with FNPF before the officer's salary will be processed.*

*We have indentified approximately \$12,000.00 from the suspense account listing and the remainder will be advertised in the local newspapers.*

*Advised salary staff to check and verify FNPF Numbers correctly before making any manual payments.*

**19.11 Unsettled Arrears on Resignation**

It is important to have in place a stringent credit policy and debt recovery procedures to counter the risk of losses from irrecoverable debts.<sup>14</sup>

If a final notice had been issued to one of the debtors listed, the Commissioner of Police or Deputy Commissioner of Police or Chief Administration Officer may approve that the case be referred to the Solicitor General or the Small Claims Tribunal, after considering the cost implications and the probability of recovery.<sup>15</sup>

No police officer appointed by the Commissioner shall be at liberty to resign or withdraw from the Force without the consent in writing of the Commissioner.<sup>16</sup>

The following Officers left the Force without giving the written notice and clearing their arrears:

**Table 19.9: Arrears to Force**

No.	Officers Name	Year	Arrears owed (\$)	Reasons of Leaving
2529	Howard David Maharaj	2002	1,110.30	joined British Army without prior approval
492	Chandar Deo	2002	2,154.20	left for USA without prior approval
2900	Apete Toko	2005	386.60	joined British Army without prior approval
2202	Vueta cama	2005	1,414.00	failed to resume duties after overseas leave
2946	Inoke Momonakaya	2005	171.33	joined British Army without prior approval
2478	Josese Noa Lanyon	2006	1,485.60	left without resignation approved
2375	Shalend Pal	2006	200.59	Migrated to America. Failed to resume after study leave
3061	Pravind Chand	2007	480.52	left without resignation approved
1788	Kamal Kishore	2008	3,653.71	left without resignation approved
3416	Filimoni Rokodurucoko	2008	3,180.10	discharged
3212	Mateo Ruve	2008	1,228.38	left without resignation approved
4326	Jogendra Goundar	2008	1,405.40	left for NZ without resignation approved
4346	Sakeo Latianara	2009	905.94	failed to resume duties after leave
4778	Dharmendra Chand	2010	736.08	failed to resume duties after leave
4200	Jone Beranabaravi	2010	306.69	left without resignation approved
4518	Sandeep Lal	2010	755.29	left without resignation approved
2261	Narayan Naicker	2011	1,753.89	left without resignation approved
4451	Veremo Vulaca	2011	428.20	left without resignation approved
4613	Neori Buli	2011	296.73	left without resignation approved
2424	Shaheem Khan	2011	3,763.49	left for Australia without resignation approved
4466	Lasaro Turagadrau	2011	565.20	failed to resume duties after absence without leave.

<sup>14</sup> Fiji Police Force Finance Manual 2011: Part 8 – Introduction

<sup>15</sup> Fiji Police Force Finance Manual 2011 – Section 8.2.4

<sup>16</sup> Fiji Police Force Act (Cap 85) – Part III – Section 12

No.	Officers Name	Year	Arrears owed (\$)	Reasons of Leaving
76218	Poe Dalituimua	2011	24.00	Terminated
51827	Sakiasi Moli	2011	3,845.00	Terminated
<b>Total</b>			<b>30,251.24</b>	

**Recommendations**

- The Force must ensure that a stringent control is put in place to avoid such instances in future.
- The Force should liaise with the Immigration Department to have the above officer's name included in their watch list and also included with the Data Bureau.

**Force's Comments**

*The first 21 officers in the list have been dismissed from the force by CP on 09 Aug 12. These are officers who had left for overseas without any prior approval. These officers' names are now placed in the watch list at Nadi Airport. For officers 76218 Poe Dalituicama and 51827 Sakeasi Milo relevant recovery has been made.*

**19.12 Overpayment of Salaries upon Retirement**

Salary advices must be submitted promptly to the Ministry of Finance where there is any change to personnel emoluments or deductions such as appointments, promotions, transfers, acting allowances, dismissals and resignations, income tax allowances, housing deductions, or other authorized charges or deductions.<sup>17</sup>

Some officers continued to receive salaries after the effective dates of their retirement, termination and dismissals due to delays in ceasing the payment of salaries. Refer Table 19.10 below for details.

**Table 19.10: Salary Overpayments on Retirement/Termination/Dismissal**

Names	EDP No:	Post	Last Day	Amount Overpaid (\$)
Malkeet Singh	50797	Inspector	03/09/10	9,868.39
Reddy Tamod	50994	Sergeant	12/09/10	7,992.80
Jitendra Prasad	76806	PC 3284	02/05/11	239.60
Timoci Vusoniyasi	76237	Corporal 3253	07/04/12	880.55
Kelara Lotawa	77073	WPC 4049	08/12/11	265.74
Waisea Namatuki	52854	PC 2854	07/12/11	252.86
Poe Dalituicama	76218	PC 3234	08/12/11	183.81
Fane Matai	76632	WPC 3743	04/04/11	780.56
<b>Total</b>				<b>20,464.31</b>

As a result these officers were overpaid their salaries which had not been recovered. This issue was also highlighted in previous years' audit reports but the Force has not taken corrective measure to minimise or avoid overpayment of salaries.

<sup>17</sup> Finance Instructions 2010 – Section 17 (1)

**Recommendations**

- **The Force must take appropriate action to ensure that salaries of the Officers, who have resigned, dismissed or directed to stop salary payments are ceased from the effective date.**
- **The Force should make concerted effort to recover salaries overpaid from the officers concerned.**

**Force's Comments**

*The Force will ensure that stringent measures are in place to manage overpayments. HRM to notify Accounts as soon as possible to cease salary whilst in process of applications to avoid overpayments.*

*The Force is in the process of making counter claims with Small Claims Tribunal.*

*We will also liaise with the Immigration Department to have the above officer's name included in their watch list and also with the Data Bureau.*

**19.13 Anomalies in Quarters Returns**

As soon as any police officer ceases to be eligible for an allowance which he/she is being paid, such fact will be reported by his/her superior officer through normal channels to Police Headquarters for cancellation of the allowance. Any officer who is receipt of an allowance to which he/she is not entitled will have surplus payments deducted from their salaries, backdated to the date on which the allowances have been withdrawn.<sup>18</sup>

Any Gazetted Officer or Inspectorate Officer occupying an institutional quarters who finds that no rent has been detected from his/her salary within two months of his/her entering into occupation will report the fact to the Force Accountant.<sup>19</sup>

Our audit noted that PC 3629 Iowane Sukanaisoro was occupying Police Institutional Quarters and was also receiving lodging allowances for the period 24/03/11 to 14/07/11, thus resulting in overpayment of lodging allowance of \$492.55. The overpaid allowance has not been recovered from the Officer.

In addition, some officers were occupying institutional quarters without paying rent equivalent to 8% of their basic salary. Refer Table 19.11 below for details.

**Table 19.11: Officers Owning Rent to the Force**

<b>Names</b>	<b>EDP No.</b>	<b>Deductions Outstanding From</b>	<b>Amount Owed (\$)</b>
Alivereti Kumi - PC 4174	77153	01/01/11 to 30/07/11	372.00
Josefa Boa - Cpl 1495	51495	01/01/11 to 30/07/11	665.00
Mele Uluilakeba - WPC 4372	77350	04/03/11 to 30/07/11	334.20
Unaisi Gaunavinaka - WPC 4380	77358	09/03/11 to 30/07/11	320.80
Tomasi Seviva – IP	51527	04/09/10 to 12/08/11	529.67
<b>Total</b>			<b>2,221.67</b>

As a result, the Force failed to deduct the rent of \$2,221.67 from the above officers.

The Officer's occupying the quarters has breached section 26 of the Force Standing Order.

<sup>18</sup> Force Standing Order No. 65 – Section 7 & 8

<sup>19</sup> Force Standing Order No. 24 – Section 26

**Recommendations**

- The Force should make concerted effort to recover quarter's rents and allowance overpaid from the officers concerned.
- Force Standing Orders should be complied with at all times.

**Force's Comments**

*Overpayments made will be recovered from the officers concerned. The Force will ensure that Divisional Commander's notify HRM and a copy to Accounts on the cessation of allowances or recovery of allowances, not to await directives from HRM which is delayed at times resulting in overpayment.*

*The Force will ensure that the Force Standing Orders will be complied with at all times.*

**19.14 Anomalies in Extension of Tukavesi Police Station**

Public tenders must be called for any procurement of goods, services or works valued at \$30,001 or more, unless a Tender Board has approved an exemption in accordance with Procurement Regulation 30-(1).<sup>20</sup>

The Board is constituted with authority to approve all procurement of goods, services and works valued at \$30, 1001 and more.<sup>21</sup> Any variations to the value of the initial contract must be approved by the Board.<sup>22</sup>

On 19/10/10, the Major Tender Board approved the purchase of building materials from Gulabdas Ltd for the extension of Tukavesi Police Station at the total cost of \$82,808.40 (VIP).

However, the total expenditure incurred for this project had exceeded the approved tender amount by \$6,692.20. Refer Table 19.12 below for details.

**Table 19.12: Purchase Exceeding Approved Tender Amount**

Details	Amount (\$)
Approved Tender Amount	82,808.40
Total Purchases	89,500.60
Unapproved Purchases	6,692.20

The Force failed to obtain the Tender Boards approval for the above variation cost. As such the Force had breach the Procurement Regulations 2010.

**Recommendations**

- The Force must carry out proper planning to ensure that the approved tender amount is not exceeded.
- Any variations to the value of the agreed amount must be approved by the Tender Board.
- Procurement Regulations 2010 should be strictly complied with at all times.

<sup>20</sup> Finance Manual 2011 – Section 2.3.1

<sup>21</sup> Procurement Regulations 2010 – Section 9 (2)

<sup>22</sup> Procurement Regulations 2010 – Section 11 (2)



**Force's Comments**

*The Force will ensure that the responsible officers of the various Divisions will be accountable to all Projects intended for their Divisions, therefore proper records; documentation and commitment ledger are to be maintained.*

*For any amount exceeding the approved Tender the Desk Officer will advise the Management to seek approval from the Tender Board.*

*The Force will ensure that the Procurement Regulations 2010 shall be strictly complied with at all times.*

**19.15 Transfer of Funds from Operating Fund to Trust Fund Account**

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the proper authorisation of the Ministry of Finance, pending approval by Cabinet.<sup>23</sup>

The Force Accountant or the Senior Accountant must not certify a payment as correct unless they are satisfied that there is documentation that the goods, services or works have been received.<sup>24</sup>

In 2011, the Force paid \$497,800 to Deluxe Footwear Fashions Ltd from the Police Sports Trust Fund Account.

The Force transferred this amount from the operating fund (*SEG 5 – Purchase of Goods & Services*) to the Police Sports Trust Fund Account, which was later paid to Deluxe Footwear Fashions Ltd. The payment was made to clear the outstanding balance to Deluxe Footwear for the supply of shoes.

Furthermore, the Force failed to obtain the approval from Ministry of Finance before transferring funds to Police Sports Fund Trust account to make necessary payment. Refer Table 19.13 below for details of the payments made in 2011 from the Sports Trust Fund Account:

**Table 19.13: Payment made to Deluxe Footwear from Sports Trust Fund Account**

Date	Payee	Sports Trust Fund Account Cheque Number	Amount (\$)
28/01/11	Deluxe Footwear Fashions	501	10,000
17/02/11	Deluxe Footwear Fashions	508	20,000
25/02/11	Deluxe Footwear Fashions	509	20,000
04/03/11	Deluxe Footwear Fashions	511	20,000
08/03/11	Deluxe Footwear Fashions	514	20,000
17/03/11	Deluxe Footwear Fashions	517	20,000
25/03/11	Deluxe Footwear Fashions	519	20,000
30/03/11	Deluxe Footwear Fashions	520	20,000
21/04/11	Deluxe Footwear Fashions	521	20,000
06/04/11	Deluxe Footwear Fashions	525	20,000
07/04/11	Deluxe Footwear Fashions	526	20,000
14/04/11	Deluxe Footwear Fashions	529	20,000
21/04/11	Deluxe Footwear Fashions	535	20,000
03/05/11	Deluxe Footwear Fashions	537	20,000
03/06/11	Deluxe Footwear Fashions	543	20,000
01/07/11	Deluxe Footwear Fashions	557	20,000

<sup>23</sup> Finance Instructions 2010 – Section 7

<sup>24</sup> Force Finance Manual 2011 – Section 2.8.4 (ii)

Date	Payee	Sports Trust Fund Account Cheque Number	Amount (\$)
22/07/11	Deluxe Footwear Fashions	564	40,000
29/07/11	Deluxe Footwear Fashions	563	20,000
22/09/11	Deluxe Footwear Fashions	573	127,800
<b>Total</b>			<b>497,800</b>

Such practice could result in budgetary constraints on the Force's current year operations.

In addition, the following invoices and delivery dockets from Deluxe Footwear was not provided during the audit. Refer Table 19.14 below for details.

**Table 19.14: Invoices and Delivery Dockets not Provided to Audit**

Invoice Date	Invoice Number	Amount (\$)
17/05/10	898	102,150
25/05/10	913	34,050
01/06/10	918	59,150
02/07/10	923	38,000
02/07/10	924	158,900
02/07/10	925	49,500
02/07/10	926	152,100
<b>Total</b>		<b>593,850</b>

Without the invoices and delivery dockets, audit was not able to substantiate the receipt of the shoes from Deluxe Footwear.

### **Recommendations**

- **The Force must investigate this matter and take appropriate action.**
- **The Force Accountant should not certify any payments unless documents such as invoices and delivery dockets are received.**
- **Section 7 of the Finance Instruction 2010 is strictly complied with.**

### **Force's Comments**

*The Commissioner of Police has given a directive that all outstanding debts incurred by the Force are to be cleared. The former Force Accountant has authorised the payment to be made from the operating fund to the Police Sports Trust Fund Account due to the unavailability of the vendor's ID (Deluxe Footwear) through the automated FMIS (AP module). However, an arrangement was been made with Company for a monthly payment of \$20,000.00.*

*In future Force will ensure to obtain approval from Ministry of Finance.*

## **19.16 Over and Negative Expenditure**

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the proper authorisation of the Ministry of Finance, pending approval by Cabinet.<sup>25</sup>

<sup>25</sup> Finance Instructions 2010 – Section 7  
Fiji Police Force

The Force has overspent the following allocations in 2011:

**Table 19.15: Over Expenditure**

Account ID	Description	Revised Budget (\$)	Actual Expenditure (\$)	Variance (\$)
1-20105-20101-040201	Office Stationery and Printing	30,000	64,875.80	34,875.80
1-20106-20101-040201	Office Stationery and Printing	135,000	147,242.31	12,242.31
1-20106-20101-040362	R&M Vehicle Operation	561,000	636,676.29	75,676.29
1-20106-20101-040653	L&R Equipment Radio & Electronic	5,000	7,974.78	2,974.78
<b>Total</b>		<b>731,000</b>	<b>856,769.18</b>	<b>125,769.18</b>

In addition, expenditures were charged to those allocations which did not have any budgetary provision. Refer Table 19.16 below for examples.

**Table 19.16: Negative Expenditure**

Account ID	Description	Revised Budget (\$)	Actual Expenditure (\$)
1-20106-20101-040101	Fuel and Oil Vehicle Civil	0	374.75
1-20103-20101-040102	Fuel and Oil Vehicle Operation	0	10,325.54
1-20106-20101-040103	Fuel and Oil Machinery	0	37,257.35
1-20101-20101-040201	Office Stationery and Printing	0	19,007.09
1-20101-20101-040206	Office Postage & Parcel Freight	0	1,237.49
1-20103-20101-040206	Office Postage & Parcel Freight	0	451.81
1-20105-20101-040210	Office Film and Video Material	0	171.30
1-20106-20101-040211	Office Photographic	0	134.79
1-20103-20101-040299	Office Upkeep & Supplies Other	0	3,231.44
1-20106-20101-040299	Office Upkeep & Supplies Other	0	6,465.73
1-20106-20101-040312	R&M Infrastructure	0	710.44
1-20101-20101-040321	R&M Building	0	2,901.56
1-20101-20101-040322	R&M Building	0	3,994.32
1-20101-20101-040322	R&M Building	0	111,962.52
1-20106-20101-040343	R&M Fitting	0	1,847.83
1-20101-20101-040351	R&M Equipment Office	0	67.16
1-20101-20101-040352	R&M Equipment Computer	0	152.16
1-20106-20101-040352	R&M Equipment Computer	0	139.13
1-20101-20101-040362	R&M Vehicle Operation	0	24,342.42
1-20103-20101-040362	R&M Vehicle Operation	0	13,281.51
1-20106-20101-040364	R&M Vessels	0	2,595.94
1-20101-20101-040599	W&S Others	0	2,505.68
1-20106-20101-040633	L&R Machinery	0	2,442.33
<b>Total</b>			<b>245,600.29</b>

In absence of budgetary provisions, the expenditures are regarded as unauthorised expenditure.

### **Recommendations**

- The Force must ensure that expenditures incurred are within their budgetary provision.
- The Force should review and monitor its expenditure on a regular basis to avoid over-expenditures.
- Section 7 of the Finance Instructions 2010 is strictly complied with.

**Force's Comments**

*The Force Accountant will ensure that proper measures will be undertaken that expenditures incurred are within their budgetary provisions and expended for the purpose provided for in budgetary provisions. Force will ensure that any misallocations will be adjusted within the year and for the operative/active accounts for which there is no budgetary provisions; FMIS will be advised to inactivate such account numbers to avoid any mis-postings.*

*The Force Accountant will take appropriate actions and disciplinary measures will be laid to the officer concerned.*

**19.17 Diversion of Funds**

Each year the Appropriation Act and the Budget Estimates set out details of the appropriations that Cabinet approves for spending by each agency. No officer may incur expenditure, which results in the agency's appropriation being exceeded without the proper authorisation of the Ministry of Finance, pending approval by Cabinet.<sup>26</sup>

The Force Accountant or the Senior Accountant must not certify a payment as correct unless they are satisfied that the expenditure account it is charged to is correct.<sup>27</sup>

The Force in its budget for 2011 allocated a sum of \$92,000 in SEG 7 (Special Expenditure) for payment of Special Agents Allowance and \$30,000 in SEG 5 (Purchase of Goods and Services) for the payment of Witness and Interpretation allowance.

Review of the expenses incurred by the Force revealed that on numerous occasions expenses were not applied for the purpose for which it was authorised for the above SEG's.

Refer to Table 19.17 and Table 19.18 below for details.

**Table 19.17: Unrelated Expenditures – Special Agents Allowance**

Date	Cheque No.	Payee	Particulars	Amount (\$)
22/12/11	680111	Extreme Stationery	Purchase of Stationeries, Drums and Toners for Intelligence Bureau	1,280.58
30/12/11	680403	Extreme Stationery	Purchase of Stationeries for Intelligence Bureau HQ	1,466.27
19/07/11	675471	Vinod Patel & Co	Purchase of Rode Fan Black Chair for Savusavu and Seagaga Police Stations	2,739.00
22/06/11	674690	Modern Stationery	Payment of Toners for Special Project Order No. HQ 1852	1,156.60
02/11/11	678403	Tavua Seafood Restaurant	Payment of Prisoners Meal for Tavua Police Station for the Month of June	435.20
<b>Total</b>				<b>7,077.65</b>

**Table 19.18: Unrelated Expenditures – Witnesses Allowance**

Date	Cheque No.	Payee	Particulars	Amount (\$)
01/06/11	673914	Enterprise	Payment for Tabua for Commissioners	750.00

<sup>26</sup> Finance Instructions 2010 – Section 7

<sup>27</sup> Force Finance Manual 2011 – Section 2.8.4 (v)

Date	Cheque No.	Payee	Particulars	Amount (\$)
			Reguregu to Late Mr. Savua	
01/06/11	673920	Deluxe Footwear	Payment to Deluxe Footwear for the supply of shoes to HQ stores	2,180.00
01/06/11	673935	Permanent Secretary. Local Government	Payment for clearance charges for whales tooth (Tabua) for PCC	30.75
01/06/11	673936	Shahs Fruit and Food Mart	Purchase of 1 Bundle Waka for the reguregu (Late Mr. Savua)	70.00
02/06/11	673944	Ecela	payment of Account for Prisoners Meal - Labasa Police Station	4,210.50
03/05/11	672983	Mass Stationery	Payment of Stationeries for Drugs Unit	1,718.45
11/02/11	670520	Asco Motors	Payment for vehicle parts to Asco Motors	1,922.21
19/08/11	676361	Ready Action Unit	Payment of Meal Claims	96.00
20/04/11	672594	Extreme Stationery	Purchase of stationeries for Eastern Division	544.04
20/06/11	674591	Pamson Unlimited Trade	Purchase of 30 Sunglasses for Boarder Control Unit	600.00
20/06/11	674593	Raven Distributors	Payment of 30 waterproof reflector vests and ear muffs for Border Control Unit	1,200.00
22/06/11	674632	Extreme Stationery	Payment of stationeries for FPA	1,133.26
23/08/11	675466	Extreme Stationery	Purchase of Toners for CP's office	480.00
26/07/11	675626	Ministry of Lands and Mineral Resources	Payment for Topography map for CP's vehicle	402.10
27/07/11	675661	Total Fiji Ltd	Payment of Fuel for Western Division	271.15
29/06/11	674790	Classic Stationery	Payment of toner for NCOC fax & copier machine	155.00
<b>Total</b>				<b>15,763.46</b>

The Force has breached the provision of Finance Instructions 2010 and has resulted in unauthorised expenditure.

### **Recommendations**

- The Force should ensure that public funds are used for the purpose it has been approved for in the budget.
- Section 7 of the Finance Instruction 2011 should be strictly complied with and appropriate action taken against those who do not comply with it.

### **Force's Comments**

*The Force Accountant will ensure that proper measures will be undertaken so that public funds are used for the purpose it has been approved for in the budgetary provisions.*

*Regular reconciliations will be carried out to detect of misposting or errors.*

*The Force will take appropriate/ disciplinary actions against officers for the unauthorized or not following proper procedures for diversion of funds.*

## **19.18 Weaknesses in Procurement of Goods and Services**

The Force Accountant is responsible for the safekeeping and proper maintenance of all accounting records or documents.<sup>28</sup>

<sup>28</sup> Force Finance Manual 2011 – Section 17.1.3

The procurement of any goods, services or works required by Ministries or Departments must be initiated either by the issue of a purchase order for any purchases of goods, services or works made locally or by the issue of an indent for any purchase of goods from overseas.<sup>29</sup>

One of the mechanisms to ensure sufficient control of finances is that payments are to be processed on Original Invoices only and not through Pro-forma invoice or statement. Ministry of Finance approval must be obtained by any Ministry and Department prior to making payments of goods and services through pro-forma invoice.<sup>30</sup>

The audit could not ascertain whether relevant supporting documents such as purchase orders, invoices, and delivery dockets were obtained for payments made to certain suppliers as the Force did not provide these supporting documents with the payment vouchers.

In addition, some payments were made on the strength of photocopied or proforma invoices.

Refer to *Appendix 19.2* for details.

The risk of fraud, misappropriation and double payments are high if the Force continues to disregard internal controls in place to prevent such discrepancies.

### **Recommendations**

- **The Force must ensure that payments are processed according to the Finance Manual and Procurement Regulations.**
- **The Force must ensure that all payments are made on the strength of original invoices and not photocopied or proforma invoices.**

### **Force's Comments**

*The Force will ensure that all payments are made on the strength of original invoices and not photocopied or pro-forma invoices.*

*The Force will also ensure that all payments are processed with supporting documents and in accordance with the Finance Manual and Procurement Regulations.*

## **19.19 Failure to obtain Competitive Quotations**

The Force Accountant is responsible for the safekeeping and proper maintenance of all accounting records or documents.<sup>31</sup>

A minimum of three competitive quotes must be obtained for the procurement of goods, services or works valued at \$100 and more but \$30,000 and less.<sup>32</sup>

The Force failed to obtain three competitive quotations from suppliers for purchases of goods and service on numerous accessions. In addition, other source documents were not provided during the audit.

Refer to *Appendix 19.3* for details.

<sup>29</sup> Procurement Regulations 2010 – Section 21 (3)

<sup>30</sup> Finance Circular No.13/2011

<sup>31</sup> Force Finance Manual 2011 – Section 17.1.3

<sup>32</sup> Procurement Regulations 2010 - Section 29 (1)

The Force disregarded proper economy by not obtaining competitive quotes from other suppliers. As a result the Force may not have obtained goods and services from the most economical sources. Records of supporting documents were not properly maintained by the Force.

This issue was raised in the previous Auditor General's report; however no corrective action has been taken by the Force to rectify this issue.

### **Recommendations**

- **The Force must ensure that complete quotes are obtained for purchases of goods and service costing more than \$100.**
- **The Force should take appropriate disciplinary actions against officer for purchasing goods and services without obtaining at least three quotes.**
- **The Force must ensure that all accounting records are properly maintained.**

### **Force's Comments**

*The Force will ensure to obtain at least three competitive quotes for purchases of goods and services costing more than \$1000(revised) before services are rendered.*

*The Force Accountant will ensure to take appropriate disciplinary actions against officers for purchasing goods and services without obtaining quotations or non compliance of Financial Instructions.*

## **19.20 Unaccountable Exhibit Items**

Valuable exhibits such as jewelleries and cash shall be sealed in envelopes, labelled, and kept in a Police Safe.<sup>33</sup> Disposal Orders will be complied with after the expiry of 14 days, unless an appeal has been lodged, where such exhibits shall be retained until the completion of all appeal hearings.<sup>34</sup>

The Officer in charge or the Station Officer is responsible for the custody, care, control and security of all exhibits, and in particularly monies and jewelleries.<sup>35</sup>

Our audit noted that several unaccounted exhibits were kept at Samabula Police Station, for which no complaints were received by the Station or ownership were claimed by public.

Refer to Table 19.19 for examples.

**Table 19.19: Unaccounted Items in Exhibit at Samabula Police Station**

Serial No.	Items
7/12	1 x Akita Vacuum cleaner(red)
8/12	<ul style="list-style-type: none"> <li>• 1 x Compaq laptop</li> <li>• 1 x laptop charger</li> <li>• 1 x black bag</li> </ul>
10/12	1 x cannon printer
11/12	1 x Zenith Data System computer with chord and black bag
12/12	1 x Panasonic cassette radio
13/12	1 x Philips radio with remote
14/12	1 x wooden tool box with tools locked

<sup>33</sup> Fiji Police Force Standing Order – Section 313 (17) (b)

<sup>34</sup> Fiji Police Force Standing Order – Section 313 (32)

<sup>35</sup> Procedures for seizure, Management and Disposal of Exhibits – Section 5.2.6

Serial No.	Items
15/12	1 x white 'Johnson 6" boat engine
16/12	2 x 15" tyre
17/12	1 x Akai radio with black headphone and its chord with tape 1 cassette shuttle missing
18/12	1 x Phillips DVD player
19/12	1 x Acer laptop (empty)
20/12	1 x JVC radio with handle
21/12	<ul style="list-style-type: none"> <li>• 1 x black travelling bag containing 1 x Winterset DVD deck</li> <li>• 1 x Teddies DVD player</li> </ul>
22/12	1 x Pioneer DVD
23/12	1 x Cannon printer in box
24/12	1 x Kenwood amplifier
31/12	1 x sack window frames
32/12	2 x grey gallon of diesel fuel
33/12	2 x green gallon – 1 filled with diesel and one empty
44/12	2 x car batteries (Black and White)
45/12	<ul style="list-style-type: none"> <li>• 1 box containing HP printer toner</li> <li>• 1 brother box containing printer rollers</li> </ul>
46/12	1 x black radio cassette player
47/12	1 x black "New York" bag containing a passport
48/12	1 x white "Tiffany" cake mixer without the blades
49/12	1 x grey hybrid telephone system
50/12	1 x grey 'Suntec" amplifier (small)
51/12	1 x black Nikon camera with case
52/12	<ul style="list-style-type: none"> <li>• 1 x Panasonic video camera</li> <li>• 1 x black Nikon camera</li> </ul>
53/12	1 x black camera canon with case
54/12	1 x Pentax camera with case
55/12	1 x Olympus camera with case
56/12	1 x mobile (Ericsson) phone with case
57/12	1 x car radio (Hyundai black)
58/12	1 x car radio (Techno black)
59/12	1 x car radio
60/12	1 x car radio back -- Kenwood
61/12	1 x car radio roadster
62/12	1 x Hyundai car radio
63/12	1 x Clanton car radio
64/12	1 x xender taxi meter
65/12	1 x pioneer car radio
66/12	1 x car radio
67/12	1 x SMI taxi meter
68/12	1 x rally car radio
69/12	1 x green torch light
70/12	<ul style="list-style-type: none"> <li>• 2 x large car speakers</li> <li>• 2 x small car speakers</li> </ul>



In addition, significant unaccounted exhibits were also kept at Nausori Police Station. Refer the photographs below for illustrations.



This implied that the Force Standing Order was not complied with by Police Officer when recording exhibits.

### **Recommendation**

- **The Force should investigate this matter and take appropriate action.**
- **Proper records should be maintained for all exhibits.**
- **The Force may consider disposing off exhibits which have been held for long period of time.**

### **Force's Comments**

*The Force will ensure that proper procedures will be in place, documentation of exhibits and unclaimed items within the 14 days notification, the items are returned to the person who found the item.*

*Proper storage of exhibits and maintenance will be adhered.*

*Proper disposal orders will be in place for unclaimed exhibits or auction such items.*

## **19.21 Grounded Vehicles - Transport Pool Nasova**

The Director Traffic shall obtain at least three quotes for servicing or repair works. Once quotes have been obtained, the Director Traffic shall submit a requisition to the Force Accountant for approval to meet servicing or repair costs.<sup>36</sup>

Our audit of Transport Pool on 10/08/12, noted that various vehicles were parked in the garage for maintenance work. Several of these vehicles have been grounded for a long period of time. Refer Table 19.20 below for details.

**Table 19.20: Grounded Police Vehicles**

Vehicle Registration	Date Brought to Garage	Defects	Remarks
GN 294	2011	Gear Box Problem	Awaiting Parts
ER 284	24/05/12	Fitness	Work in Progress
GN 273	25/06/11	Diff problem	Work in Progress
FH 737	2012	Cylinder Head and Electrical	Quotation in Progress
GN 248	2011	Accident	Awaiting Decision
GN 252	31/03/11	Tray Repair and Tie Rod Ends	Work in Progress
GM 933	7/6/2011	Brake, Wheel Alignment, Centre Cushion, Tie	Quotation in Progress

<sup>36</sup> Force's Finance Manual 2011 – Section 11.5.2

Vehicle Registration	Date Brought to Garage	Defects	Remarks
		Rod Ends and Floor Patching	
GN 018	2010	Fuel Pump	Work in Progress
GN 202	27/04/12	Suspension and Radiator	Work in Progress
GM 540	3/3/2012	Gear Cables	Quotation in Progress
DQ 652	31/07/00	Battery, Fuel Filter, Crankshaft pulley, poor steering belt, slave cylinder kit, air filter, radiator cap, clutch master, kit oil filter,	Quotation in Progress
GN 676	7/5/2011	Engine and Windscreen	Request pending at HQ
GN 195	29/02/12	Electrical	Work in Progress
GN 496	24/02/12	Engine	Work in Progress, Request pending at HQ for Tyres and Battery
GN 500	23/02/12	Engine	Negotiations still in Progress with Aroon Motors
GN 096	28/05/12	Diff problem	Work in Progress
GN 298	13/06/12	Engine, Speedometer	Request pending at HQ
GN 551	26/06/11	Accident	Request pending at HQ
GN274	4/6/2012	Windscreen and Bonnet	Work in Progress
GN 019	23/11/11	Caliper Bolt	Quotation in Progress
GN 468	25/11/11	Engine	Request pending at HQ
GN 198	6/12/11	Master Cylinder	Awaiting Decision
GM 834	6/6/2012	Bodywork and Mechanical Checkup	Work in Progress
GN 469	27/02/12	Engine	Work in Progress
GM 042	25/10/11	Accident	Quotation in Progress
GN 208	23/04/12	Radiator, tail gate, tail lamp, rear bumper, door and head lamp	Work in Progress

Prolong delay in repair of vehicles could affect the service delivery of the Force. Extravagant costs could be incurred in hiring private and rental vehicles.

### **Recommendations**

- The Force should ensure that vehicles are repaired at earliest.
- The Force should have a realistic turn-around time for a vehicle to be repaired and released from the garage.

### **Force's Comments**

*The following are our remarks pertaining to the various grounded vehicles:*

Vehicle Registration	Date Brought to Garage	Defects	Remarks
GN 294	2011	Gear Box Problem	Awaiting to be boarded
ER 284	24/05/12	Fitness	Awaiting to be boarded
GN 273	25/06/11	Diff problem	Released and on the road
FH 737	2012	Cylinder Head and Electrical	Awaiting parts
GN 248	2011	Accident	Awaiting to be boarded
GN 252	31/03/11	Tray Repair and Tie Rod Ends	Released and on the road
GM 933	7/6/2011	Brake, Wheel Alignment, Centre Cushion, Tie Rod Ends and Floor Patching	Awaiting parts from overseas
GN 018	2010	Fuel Pump	Work in Progress
GN 202	27/04/12	Suspension and Radiator	Work in Progress
GM 540	3/3/2012	Gear Cables	Awaiting parts from overseas
DQ 652	31/07/00	Battery, Fuel Filter, Crankshaft pulley, poor	Work in Progress

<i>Vehicle Registration</i>	<i>Date Brought to Garage</i>	<i>Defects</i>	<i>Remarks</i>
		<i>steering belt, slave cylinder kit, air filter, radiator cap, clutch master, kit oil filter,</i>	<i>Work in progress</i>
GN 676	7/5/2011	Engine and Windscreen	Awaiting parts
GN 195	29/02/12	Electrical	Awaiting parts
GN 496	24/02/12	Engine	Work in Progress
GN 500	23/02/12	Engine	Return works still in Progress with Aroon Motors
GN 096	28/05/12	Diff problem	Released and on the road
GN 298	13/06/12	Engine, Speedometer	Work in progress
GN 551	26/06/11	Accident	Released and on the road
GN274	4/6/2012	Windscreen and Bonnet	Work in Progress
GN 019	23/11/11	Caliper Bolt	Awaiting to be boarded
GN 468	25/11/11	Engine	Awaiting parts
GN 198	6/12/11	Master Cylinder	Awaiting parts from overseas
GM 834	6/6/2012	Bodywork and Mechanical Checkup	Work in Progress
GN 469	27/02/12	Engine	Work in Progress
GM 042	25/10/11	Accident	Awaiting decisions from HQ
GN 208	23/04/12	Radiator, tail gate, tail lamp, rear bumper, door and head lamp	Work in Progress

## 19.22 Motor Vehicle Accidents

A driver involved in an accident may be surcharged if the surcharging authority believes the driver was at fault.<sup>37</sup> The accident report, Police report, Solicitor General's advice and Director Traffic's recommendations will be taken into consideration by the surcharge authority before any surcharge is imposed.<sup>38</sup>

In 2011, various police vehicles were involved in accidents where the drivers were found to be at fault. However, as at the date of audit<sup>39</sup>, no recovery for the damages has been instigated against these drivers. Refer Table 19.21 below for details.

**Table 19.21: Pending Surcharge Cases Against Police Drivers**

<b>Date &amp; time</b>	<b>File No: &amp; Registration No:</b>	<b>place of accident</b>	<b>Driver/ rank no</b>	<b>Cause of Accident</b>	<b>Actual Cost of Damage \$</b>
05/01/11 0315hrs	GN 871 F/275 (leased vehicle)	Ucuinacula settlement, Levuka	CPL 547 Esala Tokalau	Driver of the police vehicle after dropping duty men fell off to sleep; vehicle veered off road and bumped a tree.	29,209.31
07/01/11 1500hrs	GN 870 F/247 (leased vehicle)	Natovi Korolevu Highway	PC 3200 Surendra Sami Goundar	Driver of the police vehicle overtook the truck and bumped vehicle Reg no. CR605.	2,750.31
18/01/11 1100hrs	GN 208 F/242	Rodwell Road, Suva	PC 3132 Epeli Batiniu	Whilst conveying prisoners from Naboro maximum prison to suva magistrate court, the driver changed the lane and collided onto vehicle registration number	340.00

<sup>37</sup> Force Finance Manual – Section 11.6.7

<sup>38</sup> Force Finance Manual – Section 11.6.8

<sup>39</sup> 20/08/12

Date & time	File No: & Registration No:	place of accident	Driver/ rank no	Cause of Accident	Actual Cost of Damage \$
				EG185.	
14/02/11 0812hrs	311 z f/291	junction of Mark Street & Thomson Street	PC 3418 Viliame Lotawa	Whilst riding police bike when the front tyre started shaking as a result it onto the fence on the middle of mark street.	4,713.82
08/04/11 0800hrs	GN641 [f/187]	Qacavulo, Taveuni	PC 2926 Farman	Police vehicle whilst travelling towards south coastal road when taxi registration number LT 5701 coming from the opposite direction bumped into the police vehicle	18,141.55
06/04/11 2000hrs	GN 792 f/258 (leased vehicle)	Queens Road, Natadola Nadi	PC 3410 Petaia Ravono	The driver of the police vehicle whilst on his way to Natadola from Sigatoka when bumped a dog at the junction of Natadola.	320.00
10/05/11 0552hrs	GN 279	Raiwaqa police compound	WPC 3681 Lila Wati	The driver who is unauthorised whilst trying to park the said police vehicle into the car park bumped private vehicle DA 690	50.00
13/05/11 1250hrs	GN 474 f/111	Mac Arthur Street	CPL 3095 Ananaisa	The driver of the police vehicle whilst in the queue waiting reversed and bumped into vehicle FO 452	210.00
15/06/11 0915hrs	GN 551 f/81	Ratu Mara Road, Samabula	SGT 2179 Suliano Saunitoga	Police vehicle whilst heading towards Nabua road bumped into private vehicle Reg no. JSK727 from the rear.	7,238.32
24/09/11 1932hrs	GN 199 f/229	Lovoni Rd, Samabula	PC 2623 Ritesh Prasad	whilst reversing bumped into a FEA post	84.00
05/12/11 2130hrs	GN 739 f/99 (leased vehicle)	Nausori Police Station	Divisional Sergeant Major east Seru Moce	Whilst reversing the said vehicle bumped into the pine post.	4,594.30

Prolong delay in taking recovery action against the drivers could result in Force not able to recover the damages if officers resign.

### **Recommendations**

- The Force should further investigate this matter and take appropriate action.
- Section 11 of the Finance Manual should be strictly complied with.

### **Force's Comments**

Date & time	File No: & Registration No:	place of accident	Driver/ rank no	Remarks	Actual Cost of Damage \$
05/01/11 0315hrs	GN 871 F/275 (leased vehicle)	Ucuinacula settlement, Levuka	CPL 547 Esala Tokalau	Officer was charged for Damaging by Neglect and Tribunal Process has been instituted vide HQ Cap DED 22/11.	29,209.31
07/01/11 1506hrs	GN 870 F/247 (leased vehicle)	Natovi Korolevu Highway	PC 3200 Surendra Sami Goundar	Officer was charged for Damaging by Neglect and Tribunal Process has been instituted vide HQ Cap	2,750.31

<i>Date &amp; time</i>	<i>File No: &amp; Registration No:</i>	<i>place of accident</i>	<i>Driver/ rank no</i>	<i>Remarks</i>	<i>Actual Cost of Damage \$</i>
				DED 06/11.	
18/01/11 1100hrs	GN 208 F/242	Rodwell Road, Suva	PC 3132 Epeli Batiniu	Officer was charged for Damaging by Neglect and Tribunal Process has been instituted vide HQ Cap DED 90/11.	340.00
14/02/11 0812hrs	311 z f/291	junction of Mark Street & Thomson Street	PC 3418 Viliame Lotawa	Officer was charged for Damaging by Neglect and Tribunal Process has been instituted vide HQ Cap DED 180/11.	4,713.82
08/04/11 0800hrs	GN641 [f/187]	Qacavulo, Taveuni	PC 2926 Farman	Officer was charged for Damaging by Neglect and Tribunal Process has been instituted vide HQ Cap DED 352/11.	18,141.55
06/04/11 2000hrs	GN 792 f/258 (leased vehicle)	Queens Road, Nataadola Nadi	PC 3410 Petaia Ravono	Officer was charged for Damaging by Neglect and Tribunal Process has been instituted vide HQ Cap DED 419/11.	320.00
10/05/11 0552hrs	GN 279	Raiwaqa police compound	WPC 3681 Lila Wati	Docket returned to Raiwaqa PS, awaiting further investigation	50.00
13/05/11 1250hrs	GN 474 f/111	Mac Arthur Street	CPL 3095 Ananaisa	Docket sent to Solicitor General awaiting decisions	210.00
15/06/11 0915hrs	GN 551 f/81	Ratu Mara Road, Samabula	SGT 2179 Suliano Saunitoga	Officer was charged for Damaging by Neglect and Tribunal Process has been instituted vide HQ Cap DED 719/11.	7,238.32
24/09/11 1932hrs	GN 199 f/229	Lovoni Rd, Samabula	PC 2623 Ritesh Prasad	The officer has paid directly to Accounts	84.00
05/12/11 2130hrs	GN 739 f/99 (leased vehicle)	Nausori Police Station	Divisional Sergeant Major east Seru Moce	Officer was charged for Damaging by Neglect and Tribunal Process has been instituted vide HQ Cap DED 748/11.	4,594.30

## APPENDICES

### Appendix 19.1: Unidentified FNPF Memberships

Employer No.	Year	Month	Name of Employee	Amount (\$)
11134	2010	10	Nemani Suguturaga	217.28
11134	2010	8	Abdul Mohammed	46.72
11134	2010	7	Abdul Mohammed	28.00
11134	2010	8	Abdul Sameem	46.72
11134	2010	9	Abdul Sameem	46.72
11134	2009	9	Abdul Sameem	93.44
11134	2010	10	Abdul Sameem	46.72
11134	2010	2	Ajinesh Krishna	26.40
11134	2009	9	Akita Buli	22.88
11134	2010	6	Alisana Nanise	64.32
11134	2009	7	Alisana Nanise	121.60
11134	2010	8	Alisana Nanise	102.88
11134	2010	1	Amani	48.80
11134	2009	10	Aminio Bale	107.52
11134	2009	2	Antonio	68.64
11134	2010	1	Apenisa Bai	37.92
11134	2010	1	Apisai Masi	68.16
11134	2009	11	Apisai Saukuru	16.16
11134	2010	1	Apolosi	29.60
11134	2010	1	Arun	42.56
11134	2010	2	Asenaca	17.12
11134	2010	2	Asenaca	17.12
11134	2010	1	Atunaisa	104.00
11134	2009	3	Avinesh	26.40
11134	2010	4	Avinesh	26.40
11134	2009	12	Avinesh	89.92
11134	2010	6	Bai Rabuatoko	93.44
11134	2010	7	Bai Rabuatoko	46.72
11134	2010	8	Bai Rabuatoko	46.72
11134	2009	4	Bai Rabuatoko	88.32
11134	2009	5	Bai Rabuatoko	84.16
11134	2009	10	Bale	26.40
11134	2009	11	Bale	26.40
11134	2010	1	Besili	2.08
11134	2010	2	Daniel	62.40
11134	2010	2	Daniel	62.40
11134	2010	2	Edwin	79.20
11134	2010	3	Edwin	26.40
11134	2010	7	Edwin	30.56
11134	2010	7	Edwin	32.00
11134	2010	7	Eferemo	29.60
11134	2010	2	Elia	21.60
11134	2010	2	Emele	46.72
11134	2009	10	Emele	46.72

Employer No.	Year	Month	Name of Employee	Amount (\$)
11134	2010	2	Emosi	26.40
11134	2010	1	Eparama	103.52
11134	2010	3	Epeli Leleinovo	26.40
11134	2010	1	Epeli Soro	40.48
11134	2010	2	Eramasi Levui	14.40
11134	2010	2	Esera Koroi	26.40
11134	2010	1	Eta Davui	61.92
11134	2010	2	Etuate Naqau	46.72
11134	2010	11	Etuate Naqau	122.24
11134	2010	12	Etuate Naqau	122.24
11134	2009	8	Evivi	24.32
11134	2010	2	Farzana Nisha	140.16
11134	2010	1	Filipe	29.12
11134	2010	1	Filipo	85.28
11134	2009	10	Hajrat Ali	16.16
11134	2010	3	Hajrat Ali	26.40
11134	2010	1	Haraj Ali	9.60
11134	2010	2	Hasrat Ali	26.40
11134	2010	6	Ifereimi Masibalavu	26.40
11134	2010	6	Ifereimi Masibalavu	79.20
11134	2010	1	Ifereimi Masibalavu	52.96
11134	2010	5	Ifereimi Masibalavu	79.20
11134	2010	7	Ifereimi Masibalavu	26.40
11134	2010	5	Iliesa Namanulevu	61.12
11134	2009	8	Ilisoni	58.24
11134	2010	1	Inia	98.88
11134	2010	3	Inoke Tagitakei	93.44
11134	2010	4	Inoke	46.72
11134	2010	1	Inoke	45.28
11134	2010	1	Isikeli	139.52
11134	2010	3	Isimeli	46.72
11134	2010	1	Isimeli	104.00
11134	2011	7	J Ratukadreu	288.64
11134	2010	1	Jag Prasad	40.16
11134	2009	11	Jale Vukica	26.72
11134	2010	3	Jitoko Siga	16.00
11134	2010	10	Joeli Ravuama	93.44
11134	2010	5	Jona Ropa	105.60
11134	2010	2	Jonacani Tusa	32.16
11134	2010	1	Jone	77.92
11134	2010	1	Jone	104.00
11134	2010	3	Jone Ciwa	46.72
11134	2010	2	Jone Kotoiwasawasa	26.40
11134	2010	1	Jone Nukumarau	104.00
11134	2010	1	Jone	91.52
11134	2009	8	Jone Ropa	132.00
11134	2009	9	Jone Ropa	79.20
11134	2009	10	Jone Ropa	132.00
11134	2009	11	Jone Ropa	79.20

Employer No.	Year	Month	Name of Employee	Amount (\$)
11134	2009	11	Jone Ropa	26.40
11134	2010	1	Jone Ropa	79.20
11134	2010	1	Jone Ropa	26.40
11134	2010	2	Jone Ropa	26.40
11134	2010	3	Jone Ropa	52.80
11134	2010	3	Jone Ropa	52.80
11134	2010	1	Lematt Suliano	84.16
11134	2010	1	Litia Nasivata	64.48
11134	2010	2	Livai	72.80
11134	2009	8	Livai	46.72
11134	2010	1	Loata	104.00
11134	2010	1	Loata	94.72
11134	2010	3	Lomani	70.24
11134	2009	10	Loraine	46.72
11134	2010	1	Lote	16.64
11134	2009	8	Luise	38.40
11134	2010	2	Luke Matanababa	26.40
11134	2010	2	Luke	64.96
11134	2010	1	Lusiana	104.00
11134	2010	2	Maciu	31.68
11134	2010	2	Maciu	31.68
11134	2010	1	Maciu	43.72
11134	2010	2	Mahen	14.56
11134	2010	1	Maika	93.60
11134	2009	10	Maika Nadravi	52.80
11134	2010	3	Maika Tabua	111.20
11134	2009	10	Maika Waqavatu	22.72
11134	2009	11	Maika Waqavatu	26.40
11134	2010	6	Maika Bole	68.80
11134	2010	10	Maika	62.72
11134	2010	2	Maika	42.08
11134	2010	3	Maikeli	41.60
11134	2010	2	Makereta Vakarau	46.72
11134	2010	3	Manasa Biu	61.12
11134	2010	3	Manueli	64.48
11134	2010	11	Marica Rasau	26.24
11134	2010	1	Marika	104.00
11134	2009	8	Marika Ratuveuveu	44.32
11134	2009	8	Marika Ratuvou	22.08
11134	2009	9	Marika Ratuvou	40.16
11134	2010	1	Mario	104.00
11134	2009	10	Matai Wallace	26.40
11134	2010	6	Mei Osbourne	90.88
11134	2010	1	Mele	12.96
11134	2010	1	Meli	37.92
11134	2010	1	Mere	7.68
11134	2010	8	Mere Railece	9.44
11134	2010	9	Mere Railece	107.52
11134	2010	10	Mere Railece	102.56



Employer No.	Year	Month	Name of Employee	Amount (\$)
11134	2010	10	Mere Railece	26.88
11134	2010	12	Mere Railece	102.08
11134	2011	1	Mere Railece	26.88
11134	2010	11	Mere Railece	107.52
11134	2010	7	Mere Railece	16.48
11134	2010	7	Mere Railece	26.88
11134	2010	8	Mere Railece	107.52
11134	2010	1	Mereoni	94.72
11134	2010	1	Mesake	23.36
11134	2010	1	Mesulame	104.00
11134	2010	1	Mesulame	104.00
11134	2010	1	Mikaele	43.04
11134	2010	1	Milika	100.96
11134	2009	10	Misaele Vorete	26.40
11134	2010	4	Mitieli Tuiloma	152.16
11134	2010	1	Mohammed Lal	104.00
11134	2010	1	Morotikei	60.32
11134	2010	1	Moti Lal	151.20
11134	2011	11	Dainiteri	219.84
11134	2010	1	Nacanieli	68.64
11134	2010	1	Nadibi	76.48
11134	2011	8	Napolioni Naivila	152.32
11134	2009	8	Narara Vadibau	26.40
11134	2010	3	Navneet	46.72
11134	2010	1	Nawadole	62.40
11134	2010	2	Nemani	8.80
11134	2010	8	Nikotimo Vasuturaga	16.16
11134	2010	4	Niraj Krishna	61.12
11134	2011	9	Noa Toronamata	157.28
11134	2010	10	Osea Koli	62.72
11134	2010	10	Osea Koli	132.00
11134	2011	1	Osea Koli	12.00
11134	2009	10	Osea Koli	93.44
11134	2010	12	Osea Koli	106.88
11134	2010	4	Pateresio Cagicaucou	26.40
11134	2009	8	Paula	10.40
11134	2010	9	Paula Katoni	144.00
11134	2009	10	Paula Vosa	42.56
11134	2010	1	Paula	139.52
11134	2010	2	Paula Wara	26.40
11134	2010	1	Pauliasi	5.12
11134	2010	1	Pauliasi Colamoto	300.48
11134	2010	1	Pauliasi	41.60
11134	2009	10	Pauliasi Tagicakibau	33.60
11134	2010	2	Peai Rasalolo	26.40
11134	2010	1	Penaia Valevesi	7.20
11134	2010	2	Penaia Valevesi	63.60
11134	2010	1	Peni	23.84
11134	2010	1	Peni Bati	44.16

Employer No.	Year	Month	Name of Employee	Amount (\$)
11134	2010	1	Peni Mateiwai	26.40
11134	2010	9	Peni Mateiwai	105.60
11134	2010	8	Peni Rabici	93.60
11134	2010	9	Peni Rarawa	46.72
11134	2011	11	Peni Senilolokula	128.00
11134	2009	11	Peni Tokalau	26.40
11134	2009	11	Peni Tokalau	26.40
11134	2010	1	Peni Waqa	139.52
11134	2010	3	Peni Waqa	57.92
11134	2010	3	Peni Rarawa	41.60
11134	2010	4	Peni Rarawa	41.60
11134	2010	6	Peni Rarawa	93.44
11134	2010	8	Peni Rarawa	93.44
11134	2010	9	Peni Rarawa	93.44
11134	2010	10	Peni Rarawa	93.44
11134	2010	11	Peni Rarawa	46.72
11134	2010	7	Peni Mateiwai	26.40
11134	2010	7	Peni Mateiwai	26.40
11134	2010	5	Peni Rasoqososo	93.44
11134	2010	5	Peni Rarawa	92.00
11134	2010	7	Peni Rarawa	93.44
11134	2010	3	Penisoni	28.00
11134	2009	10	Petero Tuidabe	26.56
11134	2009	9	Petero Raqauqau	73.92
11134	2010	4	Pita Pickering	61.12
11134	2011	11	Pramesh Chand	179.52
11134	2010	2	Pramod Chand	61.12
11134	2010	2	Prasad	124.64
11134	2011	11	Rabici Tamanikalevu	167.68
11134	2010	5	Rajend Nair	128.48
11134	2009	10	Rajendra Prasad	42.56
11134	2010	1	Rajnil	36.80
11134	2009	11	Rakesh Chand	5.28
11134	2010	1	Ram	96.16
11134	2010	3	Ram Prasad	26.40
11134	2010	5	Ramend Maharaj	112.64
11134	2011	11	Rameo Nasila	93.44
11134	2010	2	Ratu Wara	26.40
11134	2011	10	Ratukadreu	168.00
11134	2011	9	Ratukadreu	288.64
11134	2010	1	Ratuva	104.00
11134	2010	1	Raveen Prasad	1.12
11134	2010	5	Ravinesh Chandra	86.72
11134	2010	1	Rickleish	104.00
11134	2010	1	Riohitesh	88.48
11134	2010	3	Romanu	25.76
11134	2009	9	Romil Prakash	26.40
11134	2010	3	Romil Prakash	52.80
11134	2010	2	Ronil Prakash	26.40

Employer No.	Year	Month	Name of Employee	Amount (\$)
11134	2010	3	Ropate Sivo	46.72
11134	2010	3	Ropate Toba	61.12
11134	2010	2	Rupeni Bulimaibau	93.44
11134	2010	3	Rusiate	72.48
11134	2010	2	Rusila Adiraica	98.24
11134	2010	2	Sabua	20.16
11134	2010	2	Sailosi Manadau	32.64
11134	2010	2	Sailosi Manadau	32.64
11134	2009	8	Sailosi	57.12
11134	2010	2	Sailosi Ravele	26.08
11134	2010	7	Sailosi	46.72
11134	2010	2	Saimoni	21.28
11134	2010	2	Saimoni	104.00
11134	2010	2	Saimoni	104.00
11134	2009	10	Saimoni Radave	26.40
11134	2010	3	Sainivalati	26.40
11134	2010	1	Sainivatu Tukana	104.00
11134	2010	2	Sairusi	24.96
11134	2009	8	Sairusi	61.28
11134	2009	11	Sairusi	111.36
11134	2010	3	Sairusi	130.88
11134	2010	1	Sairusi	104.00
11134	2010	9	Sajbul	183.68
11134	2010	10	Sajbul	275.52
11134	2010	2	Sakaraia Ravu	36.16
11134	2010	1	Sakiusa	19.68
11134	2010	1	Sakiusa	20.96
11134	2010	7	Sakiusa Qera	26.08
11134	2010	2	Salanieta	46.72
11134	2010	1	Salanieta	50.88
11134	2009	10	Salanieta Seninei	22.08
11134	2009	11	Salanieta Seninei	26.40
11134	2010	1	Salanieta Waqa	50.40
11134	2010	1	Salusa	48.00
11134	2009	8	Salote	4.64
11134	2010	1	Samisoni	31.68
11134	2010	1	Samisoni	62.72
11134	2010	1	Samisoni	139.52
11134	2010	2	Samisoni	88.80
11134	2010	1	Samlesh	82.72
11134	2010	1	Samuela	83.68
11134	2010	1	Samuela	104.00
11134	2010	4	Samuela Matevaka	213.92
11134	2010	2	Samuela Baleisuva	84.64
11134	2011	11	Samuela	132.16
11134	2011	10	Samuela	198.24
11134	2010	10	Samuela	86.88
11134	2010	2	Sanaila	25.44
11134	2010	2	Sanaila	25.44

Employer No.	Year	Month	Name of Employee	Amount (\$)
11134	2010	2	Sandeep Lal	13.92
11134	2010	1	Sanjila	25.92
11134	2009	11	Saro	26.40
11134	2010	6	Satish Sharma	152.16
11134	2010	1	Saula Kunawave	104.00
11134	2010	1	Saula Vakaruru	34.72
11134	2010	1	Savenca	68.16
11134	2010	2	Savenca	32.64
11134	2010	3	Sefeti	43.04
11134	2010	4	Semesa Lote	102.56
11134	2010	6	Semesa Lote	104.96
11134	2010	5	Semesa Lote	104.96
11134	2010	5	Semesa Lote	26.08
11134	2010	2	Semi Tabualevu	99.84
11134	2010	1	Semisi	25.92
11134	2010	1	Senimelia	104.00
11134	2010	1	Seremaia	104.00
11134	2010	1	Seremaia	104.00
11134	2010	1	Setaita	32.16
11134	2010	1	Setareki	116.32
11134	2009	10	Setareki	26.40
11134	2010	2	Setefano	70.72
11134	2010	2	Setefano	70.72
11134	2010	4	Sevanaia	45.76
11134	2010	3	Severio	26.72
11134	2010	2	Shanil Nand	85.12
11134	2009	9	Sikeli Lovo	27.52
11134	2009	9	Siliva	35.84
11134	2009	10	Singh	58.24
11134	2009	10	Sireli	42.56
11134	2010	1	Siteri Lesuvakawalu	40.96
11134	2010	3	Siteri Lesuvakawalu	168.96
11134	2010	5	Siteri Lesuvakawalu	61.12
11134	2009	10	Sitiveni Lalibuli	42.56
11134	2010	3	Sitiveni Lalibuli	26.40
11134	2010	1	Sitiveni Lalibuli	92.00
11134	2010	3	Sofeti	46.72
11134	2010	1	Solomone	1.44
11134	2010	1	Solomone	41.12
11134	2010	1	Solomoni	85.12
11134	2009	8	Suliano	46.72
11134	2010	2	Suliano	62.40
11134	2010	2	Suliano	104.00
11134	2010	1	Sunia	75.36
11134	2011	10	Sunia	93.44
11134	2011	9	Sunia Kubu	93.44
11134	2009	8	Susana	20.16
11134	2009	8	Susana	20.16
11134	2010	1	Susau Edmond	85.76

Employer No.	Year	Month	Name of Employee	Amount (\$)
11134	2009	8	Sushil Prasad	10.72
11134	2010	1	Tagivakatini	62.40
11134	2010	2	Taitusi	18.72
11134	2009	10	Taitusi Volau	46.72
11134	2010	5	Talakai Naulivou	41.28
11134	2010	1	Taniela	31.20
11134	2010	2	Taniela	10.88
11134	2010	1	Taniela	40.96
11134	2010	2	Taufa	26.40
11134	2010	1	Tavai	161.12
11134	2010	1	Temesi	104.00
11134	2010	2	Temo	104.00
11134	2010	2	Temo	104.00
11134	2010	1	Tevita Rabuli	52.00
11134	2009	11	Tevita Seutaivaca	52.80
11134	2010	3	Tevita Tuilau	26.40
11134	2010	6	Thomas Perrin	93.44
11134	2011	10	Timaima Ratubucavu	92.48
11134	2010	2	Timoci Nakava	92.48
11134	2010	2	Timoci Tuinaviti	79.20
11134	2010	2	Titoko Cakcaka	66.60
11134	2010	1	Toga	16.64
11134	2009	10	Tukana Yabaki	16.16
11134	2010	1	Tukana Yabaki	15.52
11134	2010	1	Turaga Yabaki	65.92
11134	2010	1	Usaia	139.04
11134	2010	3	Usaia	46.72
11134	2010	1	Vanessa Krishna	23.84
11134	2010	9	Vereniki Driu	46.72
11134	2010	6	Vereniki Driu	93.44
11134	2010	8	Vereniki Driu	71.68
11134	2010	9	Vereniki Driu	73.76
11134	2010	10	Vereniki Driu	21.76
11134	2010	5	Vereniki Driu	20.80
11134	2010	7	Vereniki Driu	71.68
11134	2010	1	Vicklesh	70.24
11134	2009	9	Vidya Prakash	10.72
11134	2010	2	Vidya	46.72
11134	2010	1	Viliame	104.00
11134	2009	8	Viliame	84.16
11134	2010	1	Viliame	104.00
11134	2009	8	Viliame	52.48
11134	2010	1	Viliame	36.32
11134	2009	8	Viliame	31.68
11134	2010	2	Viliame	46.72
11134	2009	10	Viliame	46.72
11134	2010	2	Viliame	26.40
11134	2010	2	Viliame	23.36
11134	2010	2	Vilikesa	32.16

Employer No.	Year	Month	Name of Employee	Amount (\$)
11134	2011	9	Vilikesa Kalou	80.00
11134	2011	10	Vilikesa Kalou	74.88
11134	2009	10	Vilikesa Shaw	24.48
11134	2009	11	Vilikesa Shaw	26.40
11134	2009	11	Vilikesa Shaw	26.40
11134	2009	11	Vilikesa Shaw	26.40
11134	2009	11	Vilikesa Shaw	26.40
11134	2009	12	Vilikesa Shaw	22.80
11134	2009	12	Vilikesa Shaw	21.60
11134	2010	1	Vilikesa Shaw	35.36
11134	2009	10	Vilikesa	46.72
11134	2010	1	Vilisi	68.16
11134	2011	9	Voniani Batiniu	93.44
11134	2011	10	Vonaiani	96.64
11134	2010	1	Vuli	104.00
11134	2009	10	Vuli Ratu	27.52
11134	2009	8	Waisale	58.72
11134	2009	8	Waisale	58.72
11134	2009	11	Waisale Yavutavu	93.60
11134	2009	10	Waisea	44.64
11134	2010	1	Wame	104.00
11134	2010	3	Wate Koroi	7.68
11134	2010	1	Watisoni Neitoni	48.32
11134	2009	12	Watisoni Neitoni	98.24
11134	2010	1	Watisoni Neitoni	133.44
11134	2010	2	Watisoni Neitoni	92.00
11134	2010	3	Watisoni Neitoni	23.36
11134	2009	11	Watisoni Neitoni	121.76
<b>Total</b>				<b>26,956.88</b>

**Appendix 19.2: Payments without Supporting Documents**

Date	Chq#	Payee	Details	Amount (\$)	Remarks
04/02/11	670255	Total Fiji Ltd	Payment for Fuel - Northern Division	32,599.70	No official receipt or invoice sighted
20/05/11	673554	Total Fiji Ltd	Payment for Fuel - Northern Division	34,131.07	No official receipt or invoice sighted
20/01/11	667363	Total Fiji Ltd	Payment for Fuel - Northern Division	32,599.70	No official receipt or invoice sighted
11/01/11	667164	Total Fiji Ltd	Payment for Fuel - Northern Division	29,545.13	<ul style="list-style-type: none"> <li>• No official receipt sighted</li> <li>• No posting details in the Cashbook</li> </ul>
02/05/11	672876	Total Fiji Ltd	Payment of for Fuel for Transport Pool, Nadi PS and WROCC	29,752.26	<ul style="list-style-type: none"> <li>• No official receipt sighted</li> <li>• No fuel request from Nadi Police Station provided</li> </ul>
17/11/11	678973	Printhouse Ltd	Purchase of 300 Compliance and Report registers	4,600.01	No official receipt sighted
17/11/11	679170	Printhouse Ltd	Purchase of 300 Stationery Diaries	4,600.00	No official receipt sighted
21/01/11	670144	Total Fiji Ltd	Payment of Fuel for PS's in the Western Division	41,058.86	No official receipt sighted
01/07/11	674875	Total Fiji Ltd	Payment of Fuel for Transport Pool	28,063.26	<ul style="list-style-type: none"> <li>• No official receipt sighted</li> <li>• No posting details in the Cashbook</li> </ul>
13/12/11	679714	Warehouse Printery	Payment of 20,000 copies of induction sheet for Stationery Clerk	2,500.00	<ul style="list-style-type: none"> <li>• No receipt sighted<sup>2</sup></li> <li>• Payment made on proforma invoice</li> </ul>
13/12/11	679714	Warehouse Printery	Payment of 5,000 AR Docket Covers	4,600.00	<ul style="list-style-type: none"> <li>• No receipt sighted</li> <li>• Payment made on proforma invoice</li> </ul>
07/12/11	679527	Janta Tek	Payment of Toner Cartridge for Northern Division	5,150.00	<ul style="list-style-type: none"> <li>• No receipt sighted</li> <li>• Payment made on proforma invoice</li> <li>• Payment made 22 days before approval</li> <li>• No LPO sighted</li> </ul>
11/01/11	667154	Total Fiji Ltd	Payment of Fuel Refill	26,868.12	No official receipt sighted
02/08/11	675839	Dahia Footware	Payment of 100 pairs of sandals and 50 pairs of shoes for Fiji Police Pass out.	12,375.00	<ul style="list-style-type: none"> <li>• No receipt or invoice sighted</li> <li>• No delivery dockets or tally cards sighted</li> <li>• No LPO sighted</li> </ul>
29/12/11	686351	Dahia Footware	Payment of 105 pairs of Black Leather Sandals	6,772.50	No official receipt sighted
12/04/11	672377	Nivis Motors	Payment for parts for GN 466	6,397.14	No receipt or invoice sighted
25/05/11	673931	Amy Street Pharmacy	Payment for Vaccinations for UNAMID/UNMIS/UNMIL Contingent for 2011	25,249.27	No receipt or invoice sighted
28/07/11	675778	VT Solutions	Payment of IT Equipments for Forensic	4,517.20	No official receipt sighted
06/06/11	674126	Asco Motors	Purchase of 2 Auto board motors for Korolevu PS (Model: 40 WTL long shaft 21.7")	25,246.15	<ul style="list-style-type: none"> <li>• No receipt sighted</li> <li>• Payment made on proforma invoice</li> <li>• No delivery docket sighted</li> </ul>
23/02/11	670933	Rons Graphics	Purchase of 20,000 fingerprint	4,979.96	No official receipt sighted

Date	Chq#	Payee	Details	Amount (\$)	Remarks
			forms for Stationery Clerk.		
26/08/11	676561	West Side Motor bike Rentals	Purchase of 10 Scooter bikes	25,300.00	<ul style="list-style-type: none"> <li>No official receipt sighted</li> <li>No posting details in the Cashbook</li> </ul>
01/06/11	674058	Uprising Printery	Payment of 1000 100 page Police notebooks	4,500.00	No official receipt sighted
19/10/11	678025	Homel Co Ltd	Purchase of 2 Philips 55" full LED LCD TV Screens for Police HQ and CPS	13,400.00	No official receipt sighted
11/10/11	677810	Vinod Patel	Purchase of Blinds for Police Academy Gym as Symposium venue	9,540.00	No official receipt sighted
05/08/11	675969	Magic Fuel Lautoka	Purchase of 3L engine non-turbo less Gear box for Vechile GN209 - Rakiraki PS	4,830.00	No official receipt sighted
08/04/11	672304	Unique Rubberstamp	Purchase of 5000 Cr Docket Cover for Stationery Clerk	5,300.00	No official receipt sighted
29/03/11	671945	Elcom Services	Purchase of 80 Rechargeable batteries and 30 dual chargers	19,150.00	No official receipt sighted
22/12/11	680111	Extreme Stationery	Purchase of Stationeries, Drums and Toners for Intelligence Bureau	1,280.58	<ul style="list-style-type: none"> <li>No receipt or invoice sighted</li> <li>No delivery docket sighted</li> <li>No LPO sighted</li> </ul>
19/07/11	675471	Vinod Patel & Co	Purchase of Rode Fan Black Chair for Savusavu and Seaqqa PSs	2,739.00	<ul style="list-style-type: none"> <li>No receipt or invoice sighted</li> <li>No delivery docket sighted</li> <li>No LPO sighted</li> </ul>
22/06/11	674690	Modern Stationery	Payment of Toners for Special Project Order No. HQ 1852	1,156.60	No official receipt sighted
29/12/11	680374	Total Fiji Ltd	Payment of Fuel for Western Divison	15,260.86	No official receipt sighted
30/12/11	680345	RC Manubhai Ltd	Payment for Commissioner of Police's decking	13,210.48	<ul style="list-style-type: none"> <li>No receipt sighted</li> <li>No delivery docket sighted</li> <li>Payment done on proforma invoice</li> <li>No LPO sighted</li> </ul>
23/12/11	680121	Cheapest Timber Ltd	Purchase of Materials to construct the New Taveuni Dog Kennel	6,729.73	<ul style="list-style-type: none"> <li>No receipt sighted</li> <li>No delivery docket sighted</li> <li>Payment made on proforma invoice</li> <li>No LPO sighted</li> </ul>
22/07/11	675576	Ministry of Works, Transport & Public Utilities	Payment of Fees for the General Maintenance of Sabeto and Nadarivatu Quarters	4,500.00	<ul style="list-style-type: none"> <li>No receipt sighted</li> <li>No delivery docket sighted</li> <li>Payment made on proforma invoice</li> <li>No LPO sighted</li> </ul>
10/06/11	674298	Elcom Services Ltd	Payment of Re-construction of Totogo Tower for Vational Command Operation Center	12,775.00	<ul style="list-style-type: none"> <li>No receipt sighted</li> <li>No delivery docket sighted</li> <li>Payment done on itinerary</li> <li>No LPO sighted</li> </ul>
07/03/11	671213	Lodhias Travel Services	Payment of return air passage and accommodation for Sgt Loata Maleinavere who will be travelling to Cambodia for Asian	2,798.80	<ul style="list-style-type: none"> <li>No invoice sighted</li> <li>No receipt sighted</li> </ul>



Date	Chq#	Payee	Details	Amount (\$)	Remarks
			contact officer meeting		
03/06/11	674077	Air Pacific Limited	Payment of air fare for the MSG working group	11,530.62	<ul style="list-style-type: none"> <li>No invoice and receipts sighted</li> </ul>
09/03/11	671295	Northern Air	Payment for charter of plane service to Koro Island for investigation	4,000	<ul style="list-style-type: none"> <li>No "PAID" stamp</li> <li>No invoice and receipts sighted</li> </ul>
17/10/11	677962	Lautoka Hotel	Payment of accommodation for Dr. Ponnu Goundar for attending a post mortem for western division with the attendants and driver on 20/10/11-21/10/11	300	<ul style="list-style-type: none"> <li>NO LPO sighted</li> <li>No Invoice sighted</li> </ul>
17/10/11	677946	Bondwell Computers	Payment of 27 x Sata hard drive and 2 x sata case for cyber Crime Unit	3294.00	<ul style="list-style-type: none"> <li>No LPO sighted</li> <li>Payment made on proforma invoice</li> </ul>
01/02/11	670115	Remington	Payment of servicing of photocopy machine for Samabula Station	1,719.00	<ul style="list-style-type: none"> <li>No LPO sighted</li> <li>No invoice or receipt sighted</li> </ul>
07/12/11	679536	Max Marketing & Publishing	Payment for printing 350 copies of TCD road traffic accident report 2010	4,600.00	<ul style="list-style-type: none"> <li>No LPO sighted</li> <li>No invoice or receipt sighted</li> </ul>
23/11/11	680158	Asco Motors	Payment of general servicing and maintenance of the Fiji Police vehicles	7,925.97	<ul style="list-style-type: none"> <li>No LPO sighted</li> <li>No invoice or receipt sighted</li> </ul>
23/12/11	680135	Vijay Auto Spares Ltd	Payment of clutch for GN-250	1,134.00	No LPO sighted
22/12/11	680108	Asco Motors	Payment of general servicing including 4 x tyres and 4 x tyre flaps for vehicle registration GM-540	2,591.99	<ul style="list-style-type: none"> <li>No LPO sighted</li> <li>No invoice or receipt sighted</li> </ul>
20/07/11	675501	Total Fiji Ltd	Payment of fuel for Northern Division f	42,099.60	<ul style="list-style-type: none"> <li>Payment voucher not signed by authorising officer</li> </ul>
02/05/11	672868	Total Fiji Ltd	Payment for fuel in the Northern Region	36,190.08	<ul style="list-style-type: none"> <li>Payment voucher not signed by authorising officer</li> <li>Not stamped "Paid"</li> <li>No invoices sighted</li> </ul>
04/04/11	671187	Total Fiji Ltd	Payment of fuel for Lakeba police station	9,668.51	<ul style="list-style-type: none"> <li>No invoice or receipt sighted</li> </ul>
10/02/11	670484	Total Fiji Ltd	Payment for fuel at Nasese Bowser	10,559.31	<ul style="list-style-type: none"> <li>No invoice or receipt sighted</li> <li>Not stamped "Paid"</li> </ul>
30/06/11	674832	Gulabdas Ltd	Payment of Material for Tukavesi Police Station	48,589.62	No LPO sighted

**Appendix 19.3: Payments without Competitive Quote**

Date	Chq#	Payee	Details	Amount (\$)	Remarks
07/12/12	679473	Professional Electronics Limited	Payment of the upgrading of the multimedia and AC 240 power	10,662.60	<ul style="list-style-type: none"> <li>Competitive quotes not obtained.</li> <li>No delivery docket or certificate of proof that goods have been supplied.</li> </ul>
29/12/11	380356	Sunflower Aviation	Payment of plane charter from Suva/Vanuabalavu/Nadi/Suva	6,400	<ul style="list-style-type: none"> <li>No invoice attached.</li> <li>Only two quotes have been taken.</li> </ul>
05/08/11	675943	Northern Air	Payment of charter flight from Suva-Lakeba and return to convey Dr Goundar (pathologist) to conduct a post mortem to a case of suicide at Yadrana Village	8,180	<ul style="list-style-type: none"> <li>No invoice and receipts</li> <li>Competitive quotes not obtained.</li> </ul>
30/12/11	680378	Starest	Payment of furniture for CP's Office	12,915	<ul style="list-style-type: none"> <li>No competitive quotes obtained</li> <li>No LPO Issued.</li> </ul>
30/11/11	679197	Ilaitia Matanimeke	Payment for hire of vehicle number FE 555 by Koro police officers for attending report/investigations and other urgent police matters.	578	<ul style="list-style-type: none"> <li>Competitive quotes not obtained</li> </ul>
17/03/11	671517	Elenoa Tokalautawa	Payment of Catering Services for participants attending the Basic Prosecution and Crime Workshop from 24/02/11 - 04/03/11	2,583.15	<ul style="list-style-type: none"> <li>No official receipt sighted</li> <li>No posting details in the Cashbook</li> <li>Competitive quotes not obtained</li> </ul>
18/03/11	671573	Asco Motors	Payment of Clutch Kit for GN 866 (F/270) - Transport Pool	1,968.35	<ul style="list-style-type: none"> <li>No official receipt sighted</li> <li>Competitive quotes not obtained</li> </ul>
06/07/11	675083	Elcom Services Ltd	Payment of installation of Antennas and associated accessories for National Command Operation Centre at Totogo	12,163.00	<ul style="list-style-type: none"> <li>No LPO sighted</li> <li>Competitive quotes not obtained</li> <li>No receipt or invoice sighted</li> <li>No delivery docket sighted</li> </ul>
10/05/11	673316	Titus Motors	Garaging of GN018	7,480.00	<ul style="list-style-type: none"> <li>No official receipt sighted</li> <li>No posting details in the Cashbook</li> <li>No request of repair or maintenance sighted</li> <li>Competitive quotes not obtained</li> </ul>
25/07/11	675598	Bondwell Computers	Purchase of Laptop for Deputy Commissioner of Police	1,799.00	<ul style="list-style-type: none"> <li>No LPO sighted</li> <li>Competitive quotes not obtained</li> <li>No receipt or invoice sighted</li> <li>One PV raised for four different Vendors and Services</li> <li>No delivery docket sighted</li> </ul>
30/12/11	680403	Extreme Stationery	Purchase of Stationeries for Intelligence Bureau HQ	1,466.27	<ul style="list-style-type: none"> <li>No LPO sighted</li> <li>Competitive quotes not obtained</li> <li>No receipt sighted</li> </ul>

Date	Chq#	Payee	Details	Amount (\$)	Remarks
					<ul style="list-style-type: none"> <li>• No delivery docket sighted</li> </ul>
02/11/11	678403	Tavua Seafood Restaurant	Payment of Prisoners Meal for Tavua PS for the Month of June	617.50	Competitive quotes not obtained
26/07/11	675777	Vinod Patel	Purchase of Chairs and Workstations for Drugs Unit - Southern Division	6,670.00	<ul style="list-style-type: none"> <li>• No official receipt sighted</li> <li>• Competitive quotes not obtained</li> </ul>
21/11/11	679003	RC Manubhai Ltd	Payment of Materials for Building & Maintenance Unit	2,686.15	<ul style="list-style-type: none"> <li>• No official receipt sighted</li> <li>• Competitive quotes not obtained</li> </ul>
16/12/11	679857	Telecom Fiji Ltd	Purchase of a Acer Travel Mate 7750 Series Laptop for Force Draftsman	2,387.00	<ul style="list-style-type: none"> <li>• No LPO sighted</li> <li>• No receipt or invoice sighted</li> <li>• No delivery docket sighted</li> <li>• Competitive quotes not obtained</li> </ul>

