

Report of the Auditor General

Audits for 2014 & 2015 Accounts

PRESENTATION TO THE PUBLIC ACCOUNTS COMMITTEE

MINISTRY OF ECONOMY

8 June 2017

Audit for 2014 Accounts

4.1 Audit Opinion

- As per the Auditor General's opinion on the 2014 Agency Financial Statements, TMA was the major cause of qualification of accounts resulting from the following issue:
 - Balance of TMA surplus capital transferred to Operating Fund Account

4.1 Trade & Manufacturing Account (TMA)

- As at 31 December 2014, Fiji Procurement Office (FPO) TMA Account receivable had a balance of \$212,938.00 in GL and arrears of revenue of \$113, 548.00.
- Government Printing & Stationery Department (GPSD) has closed its retail operations.
- Subsequently, this was written off in 2015. The Department has since been transferred to MPE in 2015.

4.1 Trade & Manufacturing Account (TMA)

Review and Ongoing Monitoring

- Asset Management Monitoring Unit will continue to monitor all TMAs and work with line agencies to enhance compliance with the TMA policy.
- Technical assistance to review TMA operations.

4.4 Statement of Losses

- Assets worth \$338,087 was written off following a BOS in 2014.
- The \$7.3m write off - not an actual loss of money. The breakdown is as follows:
 - \$4.3m relates to adjustments made to the Drawings Accounts; and
 - The residual figure of \$2.9m relates to Government Supplies which was carried forward from 2009 whilst another \$15,154 was for GPSD.

4.14 Anomalies in the accounting of Mahogany Trust Funds Account

OAG Recommendations

- The Ministry of Finance should properly monitor and supervise the movement and utilization of miscellaneous trust fund to ensure that funds released has been utilised in the manner it was given for; and
- The SLG reporting guideline which requires paying Ministry being MOF to remind the Ministry of Public Enterprise on the submission of acquittals on the use of Funds recorded under SLG 84.

Response

- The Ministry in preparing the monthly reconciliation of this trust account ensures that the funds received and disbursed are properly recorded.
- Ministry of Public Enterprise have provided acquittals. Auditors reports on trust funds also available.

4.15 Ministry Sports and Social Club Issue

OAG recommendations

- An internal Investigation should be conducted to identify those responsible for the manipulation of the various accounts and corrective actions to be instigated accordingly.
- Social Club Executives should also be dealt with accordingly for utilising taxpayers funds.

Response

- Internal investigation was carried out
- From the \$12,711.02 a sum of \$6,809.79 have been recovered and the recovery process is ongoing.

4.16 Balance of Head 50 Funds Transferred to SEG 1

OAG recommendation

- The Ministry should send out clear reminder to Ministries/Departments that Transfer of budgeted funds into SEG 1 & 2 is not allowed as per the requirements of section 10 of the Finance Instructions 2010.

Response

- Ministry of Economy has issued a Circular on proper retirement of Funds in SLG 84 account.
- Ministries to submit their SLG 84 reconciliation to FMIS irrespective of movement of funds in SLG 84 allocation

4.17 Anomalies in Payments for Election Expenses for Fiji Police Force

OAG recommendations

- The MOF Budget section as administrator of funds for Head 50 should ensure that proper monitoring is done for the funds released to Ministries & Departments
- The Budget Division should monitor & scrutinise all acquittals received in relation to Head 50 expenditure to ensure that funds are utilised for its intended purpose.

Response

- The Ministry of Economy does not release funds from Head 50 if the requesting Ministry or implementing agency does not provide full and proper acquittal of funds. Documentation of acquittals are kept with the Budget Division.

4.18 Irrecoverable Surcharge Resulting in loss of Taxpayers funds

OAG recommendations

- The Ministry's Surcharge Unit should liaise with the respective Ministries/Departments to locate those Officers in order to conduct timely and consistent recovery of irrecoverable amounts owed to Government; and
- The Ministry should continuously review those strategies and work in partnership with SG's office on ways to be able to recover and reduce those arrears before those due not being enforceable for recovery due to statute barred implications

Response

- The Surcharge Unit has taken a number of approaches to ensure the recoveries of surcharge.

4.19 Delay in the Provision of SG's Office Advice

OAG recommendations

- Stringent and immediate measures need to be applied by the surcharge authority in their follow up with Ministries/Departments to have these pending cases considering the Limitation Act of damages cost to vehicle becoming irrecoverable and to avoid those losses to Government; and
- The Ministry should in consultation with SG's Office discuss of a strategy to clear those pending advice and ways to overcome those time limitations.

Response

- Working closely with the Surcharge Unit and the Solicitor General's Office

4.21 Misplaced Declaration of Confidentiality and Interest Forms

OAG recommendation

- The Procurement Office must ensure that Declaration of confidentiality and interest form is completed by TEC members before commencing the initial evaluation of the of the tenders and filed securely.

Responses

- The Compliance Unit of the Fiji Procurement Office now verifies all tender details to ensure compliance with tender regulations and procedures.

4.23 Internal Control Weaknesses

OAG recommendations

- The Government Printer should ensure that there is an improvement in coordination and communication between the planning and coordination sections in order to minimize the losses.
- The Government Printer should ensure that the details in the job costing sheet are verified and checked to ensure consistency in profit margin.

Responses

- The Department has been transferred to Ministry of Public Enterprises in 2015

4.24 Trading and Manufacturing Account (TMA) Expenses Funded from Operating Account

OAG recommendations

- The Department should consult Ministry of Finance FMIS Division to ensure that costs are apportioned to appropriate funds in General Ledger where necessary.

Responses

- The Department has been transferred to Ministry of Public Enterprises in 2015

4.25 Slow Moving and Obsolete Inventory

OAG recommendations

- The Department should review the inventories and come up with strategies to reduce the slow moving and obsolete inventories

Responses

- The Department has been transferred to Ministry of Public Enterprises in 2015.

4.26 Discrepancy between Physical Stock and Stock Card Balance

OAG recommendations

- The Department should ensure that the tally cards are regularly updated and verified against the physical stock
- The store man should be disciplined for not updating the movements of inventory in the tally cards.

Responses

- The Department has been transferred to Ministry of Public Enterprises in 2015

2015 Audit Accounts

Audit for 2015 Accounts

4.1 Audit Opinion

- The audit of the 2015 accounts of the Ministry of Finance (Economy) resulted in the issue of an unqualified audit report.

4.8 Write Offs

OAG Recommendation:

- The Ministry should ensure that ledger postings are checked and reconciliation of accounts balances are performed thoroughly and efficiently to ensure account balances are substantiated

Response for 4.8

Ministry/ Department	Asset	Allocation	Description	Amounts (\$)
Finance	Cash	1-04102-04351-530195	Drawings Inland Revenue	6,862,071.53
		1-04102-04251-530201	FRCA Drawings	4,985,366.00
	Prepayments & Accrued Income	1-04102-04251-530201	Advances	329,723.59
	TMA Accounts Receivable	4-04351-65999-560401	GL Trade Debtors Opens Items	212,764.82
	Term Loan Receivable	1-04102-04201-610101	MP	16,756.75
		1-04102-04201-610101	MP	4,955.00
Elections	Accounts Receivable	1-10101-10999-560611	PD Employees FNPF	49,681.91
		1-10101-10999-560302	GI Employee Advances Open Item	13.04
Total				12,461,332.64

4.9 Over adjustment in SEG 1

OAG Recommendation:

The Ministry of Finance should:

- Properly control and monitor the Head 50 expenditures; and
- Ensure that reconciliations are carried out in accordance with the Finance Manual

Response

- This was due to over crediting FNPF by 8% which has been adjusted.

4.10 Monitoring of Funds released from Head 50

OAG Recommendation:

- The Ministry of Finance Budget Section as administrator of funds for Head 50 should ensure that proper monitoring is done for the funds released to Ministries and Departments and other agencies.
- The Budget Section shall monitor and scrutinise all acquittals received in relation in Head 50 expenditure to ensure that funds are being used for its intended purpose

Response

- From 2016 Grant agreements have been strengthened to include a clause on acquittals and annual reporting requirements. Submission of acquittals required for release of funds from Head 50.

4.11 SLG 84 Reconciliations not submitted to FMIS Division

OAG Recommendation:

- The Ministry should ensure that reconciliation for funds transferred from Head 50 are prepared by the receiving Ministries/Departments and are submitted to the Ministry of Finance. Negative ending balances identified should be investigated and rectified.

Response

- The 15% withholding Tax should not be treated the same as other funds administered through SLG 84

4.12 FNPF Reconciliations not up to date

OAG Recommendations:

- The Ministry should ensure:
 - That FNPF reconciliations are performed on a fortnightly basis; and
 - That the reconciliation statements are thoroughly checked by the Senior Accounts Officer Salaries to minimize or avoid incorrect payments of salaries and wages.

Response

- This issue has been rectified and FNPF reconciliation is in order.

4.13 Monthly Reconciliations of Underline Accounts not verified at FMIS section

OAG Recommendations:

- The Ministry should ensure that reconciliations submitted by respective ministries are received by the Head of FMIS.
- The Ministry should follow up with the respective Permanent Secretaries if reconciliations are not submitted on time.

Response

- Measures have been put in place by FMIS for Ministries / Departments who fail to submit reconciliations to Ministry of Economy by the due date

THANK YOU