



# Ministry of Education, Heritage and Arts



## Presentation to Standing Committee on Public Accounts

# 2014 & 2015 Audited Reports

Presenter: Iowane P Tiko (PS)

Wednesday 5<sup>th</sup> April

Parliament Committee Room (East Wing)

# Introduction



- Our Vision – “Quality Education for Change, Peace and Progress”
- Our Mission – “To provide a holistic and empowering education system that enables all children to realize their inheritance and potential contributing to peaceful and sustainable national development”

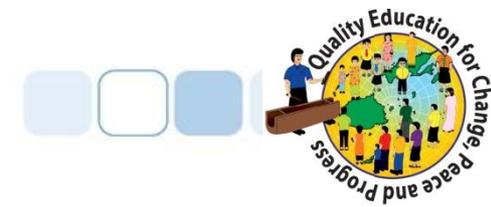
# 2015 Financial Statement



- Audit Opinion -

- The 2015 Audit for Ministry of Education was an unqualified Audit Opinion, which shows great progress from 2014 as Ministry managed to improve a lot of its processes and stringent its procedures.

# 2015 Financial Statement



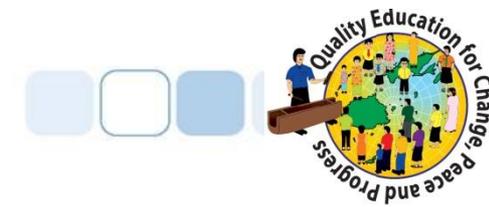
## 21.2 Statement of Receipts and Expenditures

The statement of Receipts shows that Ministry was able to generate more revenue in 2015 compared to 2014. The 24% increase was the result of the introduction of the TCF centres. Ministry also incurred an increase of 27% in its expenditures as a result of introduction of exams and free text book initiatives.

## 21.3 Appropriation Statement

The Ministry of Education incurred expenditures totalling to \$398,375,173 in 2015 against the revised budget of \$401,649,310, resulting in a savings of \$3,274,137

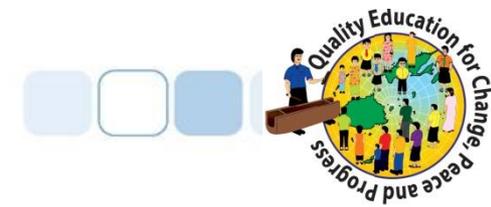
# 2015 Financial Statement



## APPROPRIATION STATEMENT FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2015

SEG	Item	Budget Estimate (\$)	Appropriation Changes (\$)	Revised Budget (\$)	Actual Expenditure (\$)	Carry- Over (\$)	Lapsed Appropriation (\$)
<b>OPERATION COSTS</b>							
1	ESTABLISHED STAFF	261,309,610	(1,968,606)	259,341,004	267,580,510		(8,239,506)
2	GOVERNMENT WAGE EARNERS	2,493,300	0	2,493,300	4,673,078		(2,179,778)
3	TRAVEL & COMMUNICATIONS	1,340,700	55,564	1,396,264	1,386,178		10,086
4	MAINTENANCE & OPERATIONS	1,419,000	(118,390)	1,300,610	1,309,864		(9,254)
5	PURCHASE OF GOODS & SERVICES	10,581,800	789,594	11,371,394	11,311,957		59,437
6	OPERATING GRANTS & TRANSFERS	176,931,702	(3,409,419)	173,522,283	173,498,039		24,244
7	SPECIAL EXPENDITURE	9,609,000	4,383,091	13,992,091	10,004,625		3,987,466
	<b>TOTAL OPERATIING COSTS</b>	<b>463,685,112</b>	<b>(268,166)</b>	<b>463,416,946</b>	<b>469,764,250</b>	<b>0</b>	<b>(6,347,304)</b>
<b>CAPITAL EXPENDITURE</b>							
8	CAPITAL CONSTRUCTION	1,650,000	0	1,650,000	553,660		1,096,340
9	CAPITAL PURCHASE	960,000	0	960,000	147,234		812,766
10	CAPITAL GRANTS & TRANSFERS	10,507,100	0	10,507,100	3,434,552		7,072,548
	<b>TOTAL CAPITAL EXPENDITURE</b>	<b>13,117,100</b>	<b>0</b>	<b>13,117,100</b>	<b>4,135,446</b>	<b>0</b>	<b>8,981,654</b>
13	VALUE ADDED TAX	3,831,300	268,166	4,099,466	3,437,179		662,287
	<b>TOTAL EXPENDITURE</b>	<b>480,633,512</b>	<b>0</b>	<b>480,633,512</b>	<b>477,336,875</b>	<b>0</b>	<b>3,296,637</b>

# 2015 Financial Statement



## 21.4 Statement of Losses

Ministry had incurred loss of items worth \$17,100 due to theft and items worth \$81,142 were written off after the Board of Survey.

# 2015 Financial Statement



## **21.5 Stale Cheques appearing in Un-presented Cheque listing**

A review of the Ministry's un-presented cheque listing revealed that stale cheques worth \$153,216 were still appearing in the Un-presented cheque listing as at 31/12/15

The stale cheque listed in the audited report was cleared on the JV 253/12/15 – 200066 covering transaction from Jan to May. This JV was prepared on 12/02/2016 back dated to December 2016. Ministry of Economy was handling the drawings reconciliation and the JV was to be punched by MOE.

Ministry of Education is now ensuring that all stale cheques are cleared on time. The above issue has been resolved and necessary adjustments made.

# 2015 Financial Statement



## 21.6 Write Off

Audit noted that Ministry of Economy approved a write-off worth \$49,940.49 to the Ministry's general ledger balance as at 31/12/2015.

Ministry would like to inform PAC that the write off was for the previous years. These were the debits that were sitting in respective Operating Trust Allocations and were transferred to SAG 560600 in order for the Funding Process to commence in the Trust allocations.

This write off was approved by Ministry of Economy and all necessary documentation has been done.

# 2015 Financial Statement



## 21.7 Understatement of Expenditure in the Financial Statements

Ministry was not able to clear \$1,171,464.53 from its RFA allocation due to insufficient funding. As a result Ministry's expenditures were understated by \$1,171,464.53

Ministry is making efforts to ensure compliance towards expenditure in regards to RFA. The Ministry would also like to highlight that exams that were implemented in 2015 however, these expenses were not budgeted for in that financial year. In 2015 only \$300,000 was allocated for printing of exam papers whereas \$1.6m was specified in 2016, therefore the Ministry had to use the RFA to cater for these expenditures. The Ministry had to go ahead with printing exam papers as it was one of important Government's initiatives. The Ministry would also like to highlight that \$200,814.17 was brought forward from 2014 and the balance for 2015 was \$574,006.80 which accumulates to \$1,171,464.53.

Ministry would like to inform PAC that the above has been resolved through proper budget planning and submissions. Ministry is now able to facilitate for such expenses as its been budgeted for and sufficient funds are provided by the government to cater for the expenses.

# 2015 Financial Statement



## 21.8 Over Expenditure

Audit noted that Ministry of Education had overspent its SEG 1 and SEG 2.

Ministry would like to inform PAC that the over expenditures are due to the payment of allowances such as the location allowance. As per the General Orders, it is Ministry's commitment to pay the location allowance and the budget given for location allowance for 2015 was not sufficient to cater for all the allowances. The budget for 2015 was \$600,000 whereas for 2016 Ministry was given a budget of \$5.3m to cater for the same expenditure. Moreover, the budget for 2015 was insufficient to meet the expenditure and Ministry had incurred over - expenditure due to these allowances.

Furthermore, Ministry is now able to cater for the above expenditure as Category 2 Location Allowance was increased and this ensures that all allowances are catered for through their budgetary provisions.

# 2015 Financial Statement



## **21.9 No Board of Survey for Drawings**

Audit noted the Ministry failed to carry out Board of Survey on drawings account cheques as at 31/12/15.

Ministry would like to inform PAC that Drawings BOS has been done for 2016 onwards and that we will ensure compliance in future.

## **21.10 Loss of Taxpayer's Funds**

Audit noted that monies totalling to \$34,847.36 was reported to be lost by the Ministry as at 31/12/2015

The Ministry would like to inform PAC that the loss reports have been sent to Ministry of Economy's recovery team and Ministry of Education will only initiate recovery once Ministry of Economy provides the deduction authority. Follow ups has been done with the recovery unit.

We have also filled police reports and police is still investigating in some of the stated matters. Ministry will only initiate recovery once approval is granted by Ministry of Economy. For the cases of RKS and NHS the bursars have been terminated and under police investigation.

# 2015 Financial Statement



## **21.11 Tender not called for Procurement exceeding \$50,000**

Ministry failed to call for tenders even though the value of goods and services procured exceeded \$50,000.

The Ministry has gone through the tender process for 2016 and the tender documents are also available with the Ministry for verification. For printing of textbooks a tender waiver approval was given by Ministry of Finance. However, the procurement of the boats did not occur at the same time due to the timing of the requests for boats coming in. For this reason, it was sufficient to procure the boats on a 3 quote basis. As of 2016 Procurement for the Ministry has been centralized and correct procedures are being followed.

# 2015 Financial Statement



## 21.12 Misposting of VAT

Audit review of the expenditure revealed that the Ministry posted VAT inclusive expenditure into FMIS General Ledger. The VAT expenditure was not charged.

Ministry will ensure compliance in future and ensure that correct allocations are used for postings

## 21.13 Outstanding Retirement of Accountable Advance

Audit noted that accountable advances were not retired within 7 days of the completion of travel by the respective officer's. Accountable advances totalling to \$881,459.43 were yet to be retired.

Ministry is strictly monitoring the accountable advance retirement and clearance. Salary deductions are implemented for those staff who do not submit their acquittals on time.

# 2015 Financial Statement



## **21.14 Utilization of Capital Expenditure**

The delays are due to the contributions of other stakeholders in the implementation of the projects. Ministry will ensure compliance in future.

## **21.15 No Reconciliation for the Supply of Free Milk**

Audit noted that respective schools failed to submit the delivery docket to the Ministry confirming the quantity of milk supplied by the supplier.

Proper and timely reconciliations are done for the supply of free milk and weekly updates are sent to the Director Finance.

# 2015 Financial Statement



## **21.16 Non Payment of Quarters Rent**

Audit noted that the occupants of the Government Secondary Schools failed to pay rent.

Ministry is getting the recoveries done for those staff that did not pay the rents and will initiate salary deductions as we proceed.

## **21.17 Failure to Submit Audited Accounts – Cultural Agencies**

Audit noted that Fiji Museum and Fiji Arts Council failed to provide latest Audited Financial Statements to the Ministry

Fiji Museum is currently working on the audit for 2010 – 2012 and will provide the reports once finalized.

Fiji Arts Council has not provided any feedback on this and Ministry will liaise with OAG for assistance.

# 2015 Financial Statement



## **21.18 Tenders not called for Maintenance and Upgrading Works**

Awareness training has been provided to the School Head's and Managements highlighting the procurement processes and guidelines. The internal Audit Team also has an oversight on FEG utilization

## **21.19 Overdrawn Caution Trust Fund Account**

Audit noted that Schools made payments outside the trust funds rules and regulations without the approval of the Permanent Secretary for Education.

Ministry managed to resolve the issue as new signatories were elected and staff were warned not to use the Trust Fund Account for operations.

# 2015 Financial Statement



## **21.20 Payment of Board of Governors Allowance**

Audit findings show that FEG was not utilized for the sole purpose of teaching and learning.

Ministry has informed School's not to use FEG to pay for the above allowance as of 2016, these allowances are not being paid from FEG

## **21.21 Unsubstantial Expenditure**

Audit noted that payment vouchers worth \$68,289.78 made from FEG education grant in 2015 were missing thus audit was not able to determine the authenticity of the payments made.

Ministry would like to inform PAC that the vouchers were available for verification in the school and that all accounting records are well kept.

# 2015 Financial Statement



## **21.22 Incomplete Capital Projects**

Nasinu Town Council had stopped the work as the contractor failed to provide the excavation plan.

## **21.23 Anomalies in Maintenance and Upgrading Project**

Ministry would like to inform PAC that Ministry will ensure compliance in future.