



MINISTRY OF YOUTH & SPORTS



CLARIFICATION TO PUBLIC ACCOUNTS COMMITTEE – 2014 AUDITOR GENERAL'S REPORT

Part A: Financial Statement

28.1 Audit Opinion

- Audit noted the variances in the operating trust and revolving fund account and the expenditure ledger not maintained. This resulted in the issue on the unqualified audit report.
- Both copies of the reconciliation statements were resubmitted and the expenditure ledger was created with reconciliations carried out on a monthly basis.
- Compared to the 2015 Audit Opinion on the signed Audited Statement, the Auditor General stated that financial statements were presented fairly in accordance with the Government accounting policies and that it also gives the information required by the FM Act 2004 in the manner so required.

Part A: Financial Statement

28.2 Statement of Receipts and Expenditure

Revenue

- Revenue generated by the Ministry increased by 27% or \$21,574 compared to 2013 due to:
 - Increase in salary deductions for insurance premiums, thus increase in commission.
 - Increase in pig and poultry sales.
 - High demand in the hire of the National Youth Dance and Brass Band in 2014.

Part A: Financial Statement

28.2 Statement of Receipts and Expenditure

Expenditure

- Expenditure was increased by 67.1% compared to 2013 was due to:
 - promotion of 5 officers and payment of leave compensation after the expiry of contracts
 - overtime payment for drivers in 2014 who were heavily engaged in the Hon. Minister's rural visits in 2014
 - an increase of \$575,810 in the budget estimate earmarked for sports grants
 - an increase of \$386,815 in the budget estimate towards upgrading of Training Centers under the Capital Grant
- An overall increase of \$875,810 in the budget estimate for the implementation of youth development programs

Part A: Financial Statement

28.3 Appropriation Statement

- Savings of \$1,347,049 or 13% were recorded in 2014 due to control measures put in place to ensure funds were utilized only for the purpose it was intended as per financial and procurement guidelines.

Part A: Financial Statement

28.4 Statement of Losses

- No money was not accounted for the year 2014, however items worth \$27,819.95 were written off following the board of survey conducted.
- Write-off approval was obtained from the Ministry of Finance on memo ref.21/6/47 dated 13/03/2015 and for items to be disposed as recommended by the Board of Survey Team.

Part B: Audit Findings

28.5 Refurbishment of Valelevu Youth Training Centre

- The Ministry has gradually improved its project management and supervision process to address inadequate management and supervision of its capital construction projects.
- The Ministry, effective 1 December 2015, appointed a Project Officer Capital with adequate experience and technical skills in project management, supervision to ensure completion of projects on time with reporting of project and project meetings.
- The Project Officer Capital has also been trained further on project management through USP.
- The project management team now meets on a monthly basis with the Permanent Secretary for Project Implementation updates and ensures site visits and meetings with contractors during progress phase of construction projects

Part B: Audit Findings

- The refurbishment work was not completed on the due date, however MIT officials responsible for the project sent a Memorandum on 25 May 2015 to confirm that they had completed the refurbishment of the Youth Training Centre at Valelevu.
- We now ensure that future Agreements have a retention clause and that a retention sum is deducted from the payment sum should the Agreement be not honored (except for the RFMF).
- We will also ensure that we strengthen our Monitoring activities particularly at the completion of each phase as stipulated in the scope of works.

Part B: Audit Findings

28.6 Tender not called for contracts Exceeding \$50,000

- The Ministry ensures that proper tender procedures are followed for all purchase of goods, service or works exceeding \$50,000 in compliance with the Finance Manual, procurement guidelines and regulations.
- The Ministry also calls for and Expression of Interest (EOI) to identify suitable and economical contractors prior to engaging vendors for works significantly below \$50,000.
- All construction work is now adequately scoped and verified with relevant stakeholders such as MIT, Rural Development, Ministry of Health and Local Government.

Part B: Audit Findings

- The Ministry has taken note of the recommendations highlighted. However, due to limited timeframe and the fact that expenditure utilization of 60% was targeted by June 2014, our Northern Division Officers managed to obtain three quotations from Contractors within Labasa for each project. Due to its geographical location and with a 25km distance from Labasa Town, most companies were not willing to provide quotations. Besides, accessibility to the Centre at that time during heavy rain was almost impossible as we had to cross a 4 foot deep creek in order to get to the Centre.
- Both the Contractors were recommended by other Ministries through consultations. Submissions were made to the Ministry of Finance seeking derequisitioning of funds with the endorsement of the Permanent Secretary as the cost of each project was less than \$50,000 with an agreement signed detailing the scope of work to be carried out.



MINISTRY OF YOUTH & SPORTS



CLARIFICATION TO PUBLIC ACCOUNTS COMMITTEE – 2015 AUDITOR GENERAL'S REPORT

Part A: Financial Statement

25.1 Audit Opinion

The issue on unqualified audit report was due to the 2015 board of survey on items recommended for write off but yet to receive a response from the Ministry of Economy. The report stated that the loss totaling \$3,224 disclosed in the statement of losses was not fairly stated.

Part A: Financial Statement

25.2 statement of Receipts and Expenditure

Revenue

Sale of School Farm Produce Surplus increased by \$16,860 or 22% in 2015 compared to 2014 due to:

- increase in pig and poultry sales.
- the increase in the hire of the National Youth Dance and Brass Bands by 6% or \$1,008 in 2015.

Part A: Financial Statement

25.2 statement of Receipts and Expenditure

Expenditure

Expenditure was increased by 7,060,735 or 78.5% compared to 2014 due to:

- increase in the additional 3 new posts to our current payroll establishment as follows:
 - 1 Minister
 - 1 Assistant Minister
 - 1 Secretary
- The Operating Grants and Transfers increased by \$1,834,430 or 48% in 2015 compared to 2014 due to increase in the Overseas Sports Tour allocation to cater for world cup events in 2015.

Part A: Financial Statement

25.2 Statement of Receipts and Expenditure

Expenditure

- The Capital Grants and Transfers increased by \$4,346,888 in 2015 compared to 2014 due to increase in the following allocations:
 - \$130,000 - National Youth Band Upgrading
 - \$47,000 - NYTC Upgrading
 - \$35,000 - Yavitu Training Centre Upgrading
 - \$1,600,000 - Upgrade of Rural Sports Complex (Gau & Vunisea, Kadavu)
 - \$3,000,000 - Upgrade & Maintenance of Government owned Sports Facilities

Part A: Financial Statement

25.3 Appropriation Statement

- A savings of \$633,320 or 3.8% was recorded in 2015 due to control measures put in place to ensure funds were utilized only for the purpose it was intended as per financial and procurement guidelines.

Part B: Audit Findings 2015

25.4 Reimbursement of tuition fees without prior approval

- The recommendation is noted. The Permanent Secretary had endorsed 50% re-imbursment of fees for all officers and is available on file for verification.
- However, our Administration Unit had been reminded to take note of the recommendation and ensure:
 - *prior* approval is obtained from the Permanent Secretary before commencement of part-time studies
 - no re-imbursment is made to those who undertake fulltime studies with full pay
 - that no retrospective approval for reimbursement of tuition fees allowed in future
 - that only one course per trimester is allowed per officer



END

Vinaka!