

MINISTRY OF DEFENCE AND NATIONAL SECURITY

**SUBMISSION TO THE PUBLIC ACCOUNTS
COMMITTEE**

AUDITOR GENERAL'S REPORT 2015

MINISTRY OF DEFENCE AND NATIONAL SECURITY RESPONSES

AGENDA ITEM	AUDITOR'S RECOMMENDATIONS	RESPONSES
6.5 Expenditure not budgeted for	1. The Ministry should ensure that funds allocated are utilized for the intended purpose only and any transfer of funds by virement is approved by the Ministry of Finance.	<p>The Ministry acknowledges the Auditor General's recommendations and has provided the following updates with its corresponding annexures.</p> <p>The Ministry administers the implementation of the National War Memorial project of \$672,000 in 2014 which includes the following activities:</p> <ul style="list-style-type: none"> • Roll of Honor \$100,000 • Electrical Works \$127,000 • Perimeter Fencing Type 3 \$45,000 • Statue of the Unknown Soldier \$250,000 • National War Museum \$150,000 <p>The Ministry obtained the Waiver of Tender from the Ministry of Finance for the Republic Fiji Military Forces to undertake the activity of the National War Museum on 24/03/14 (Annex I). In anticipation to complete the work during the financial period, the Ministry was reliant on the RFMF to conduct the work but they had other major projects to undertake worth \$6.068m.</p> <p>However, in progressing this activity, the RFMF was conducting consultation, feasibility study and designing on the scope of works required before the actual signing of the contract.</p>

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<p>6.5 Expenditure not budgeted for</p>	<p>1. The Ministry should ensure that funds allocated are utilized for the intended purpose only and any transfer of funds by virement is approved by the Ministry of Finance.</p>	<p>The RFMF advised the Ministry on 03/09/14 (Annex II) that they had subcontracted A. Naidu Building Works to commence work on the National War Museum. The Ministry had proactively informed the Ministry of Finance to maintain funding and roll over of activities to 2015 on 29/09/14 (Annex III)</p> <p>The contract for the National War Museum was signed with the RFMF on 1st November 2014 (Annex IV). The contractor commenced work immediately after signing of contact with RFMF and continued for the next two weeks.</p> <p>During the annual Remembrance Day Programme on 11/11/14, the Hon Prime Minister sought an update on the work undertaken at the proposed National War Museum and subsequently decided that it would be appropriate that the War Museum to be part of the Fiji Museum at Thurston Garden.</p> <p>With the latest directives issued by the Hon PM on 11th November 2014, the work on the refurbishment of the Quarters 204 at the NWM site was immediately stopped. The decision to stop work was issued however, the contractor had already procured materials and started with the general painting and initial alteration work (Annex V).</p>

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6.5 Expenditure not budgeted for	1. The Ministry should ensure that funds allocated are utilized for the intended purpose only and any transfer of funds by virement is approved by the Ministry of Finance.	<p>The directive was later formalized by the Hon. Minister of Defence and was acknowledged by the Secretary to Cabinet (Annex VI) is relevant.</p> <p>However, in 2015 there was no funding budgeted for the NWM project. Since some work had already been undertaken by the contractor in 2014, therefore the Ministry had to identify savings within to clear the outstanding payments to A Naidu Building totaling <u>\$9,615</u>. The Ministry paid A Naidu from the Remembrance Day funds in 2015.</p> <p>The Ministry admits our non compliant with financial regulations and has put in place stringent measures to ensure that such oversight will not be repeated in future.</p>