

**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE
AUDITOR-GENERAL'S REPORT OF THE REPUBLIC OF THE FIJI ISLANDS
VOLUME 4- AUDIT REPORT ON GOVERNMENT MINISTRIES AND DEPARTMENTS 2015**

| 40 | MINISTRY OF WORKS AND TRANSPORT | | | | |
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| | GOVERNMENT SHIPPING SERVICES | | | | |
| No. | Heading | Issue | OAG Recommendations | Ministries/Dept.'s Comments | Departments Response on Current Status |
| 40.13.1 | Progress Reports Not Prepared | Works carried out by the Contractor was not reviewed or supervised by a representative of the Department either on a daily, weekly or fortnightly basis. The Department reviewed the progress of works after receiving claims from the Contractor for payments. The claims were endorsed by the Acting Director Buildings and Government Architect (DBGA). Apart from the project reports for the payments, the Department did not prepare any periodic progress reports on the progress of works carried out by the Contractors. | <ul style="list-style-type: none"> all projects are supervised by the Department on a regular basis; and periodic progress reports are prepared by the Department for all the projects. | The works on site have been regularly monitored by the nominated representative of DBGA's office which usually from the Architect Section. As a monitoring mechanism, photographs are taken by the DBGA Architect throughout the duration of the projects. These photographs are maintained at DBGA's office for assessment of project progress purposes. | Ministry has a project implementation and monitoring team which ensures that all projects are implemented in line with AWP and progress reports are maintained |
| 40.13.2 | Non Compliance with GTB Approval | The Department did not appoint a Clerk of Works to be based at the project sites to monitor the progress of the capital works undertaken by the Contractors. Instead, the Acting DBGA from the Ministry of Infrastructure and | <ul style="list-style-type: none"> comply with GTB approval at all times; and ensure that Clerk of Works is appointed at the commencement of the project until the project is completed. | The GTB had recommended for the need of having a Clerk Of Works on site however it was not budgeted for thus there was no allowance made for it. The Department will ensure that this is provided for in future projects. | Staffs from DGBAs team continuously monitor the progress of the project. No COW was appointed since this project is just in the vicinity. |

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| | | Transport who was not based at the site verified the work completed for release of payments. | | | |
| 40.13.3 | Anomalies in Purchase of Generators | <p>The Department on 31/12/15 paid 60% of the total sum of GBP199,087 amounting to FJD380,804.83 and 45% of the total sum of USD50,100 amounting to FJD48,327.26 to the Supplier .</p> <p>The audit noted that the Department made the payment to the Supplier without carrying out the inspection test for the Mirrlees Blackstone Main Engine and Gearbox.</p> | <ul style="list-style-type: none"> • comply with GTB approval at all times; • ensure that the performance bond is obtained from the Suppliers in future; • include the delivery timeframe in all supply contracts; • comply with the contract clauses at all times; and • take appropriate disciplinary actions against those responsible for not following proper procurement procedures. | <p>The OAG auditor was clarified of this issue during audit that as per Ministry of Finance Memorandum Ref: Fin 60/13 dated 29/12/2015, the Chief Accountant (Treasury) had approved the waiver of advance payment security as per the Advance Payment Policy (paragraph 6.2).</p> <p>The Ministry had retained the sum of \$38,293.15 and transferred this to FPO Trust Fund Account on 31/12/2015. The Ministry also reiterates that due to very limited suppliers of particular make and model of engines and parts, few suppliers resort to ‘strong-arm tactics’ to dictate their terms and conditions to their customers.</p> <p>The Contractor performed its duties like an indent agent hence it was not feasible to ascertain definite delivery dates of the ship engines. It should be noted that the Mirrlees Blackstone engine was built specially for GSS after Generators Direct Ltd. (GDL) had received the advance payment. The Cummins generators were been procured</p> | Recommendation are noted for future such procurements. |

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| | | | | from Malaysia by the Contractor (GDL), hence definite delivery time could not be confirmed. | |
| 40.13.4 | Delay in Supply of Used Straight Steel Tramline Rails | The Department ordered the tramline rails on 29/6/15. As of the date of audit on 13/5/16, none of the tramline rails purchased were used. | <ul style="list-style-type: none"> penalties for delay in supply are included in the contract and charge delay damages for any delay in supply of goods and services; and projects and procurements are properly planned so that materials purchased are used within a reasonable timeframe. | <p>The delay was in the process of payments as the contractor needed the Ministry to make an advance payment to confirm on the order. Later it was then approved and agreed after several correspondences via email, as per table below, that the Ministry will only make full payment upon delivery of goods.</p> <p>This was approved and formalized after a month upon signing of the contract between the Ministry and the contractor RC Manubhai Company Limited. Another added factor was the delay in shipment of the materials into the country.</p> | Recommendations are noted and future such procurements will be closely monitored. |
| 40.13.5 | Advance Payment for Fuel and Lubricants | The audit noted that the Department made advance payments totalling \$367,913 to Supplier C for the supply of fuel and lubricants without obtaining approval from the Chief Accountant. | <ul style="list-style-type: none"> advance payments are made only with the approvals of the Chief Accountant; the department comply with the contract clauses; responsible officers should monitor and reconcile the invoices to avoid overpayment; and investigate the overpayment and take appropriate action. | <p>The bulk purchase of fuel was made in December to cater for the vessels till end of the year as this is one of the busiest periods whereby vessels are in high demand. Fuel is also stored for emergency use during the cyclone season which is from November to April.</p> <p>Fuel had been supplied to GSS on piecemeal basis because the fuel tank at GSS could only accommodate 55,000 litres and</p> | During the peak cyclone period and close of financial year, adequate quantities of fuel and lubrications are procured for mobilization of vessels in the event of emergencies. Proper monitoring and reconciliations are carried out to ensure that the quantities ordered have been received. |

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| | | | | <p>fuel cannot be supplied directly from the fuel truck to the vessels. Total Fiji Ltd's fuel truck had the capacity to deliver only 33,000 litres of fuel per delivery thus the reason for piecemeal supply. The audit recommendations are noted and the Ministry will ensure that officers will reconcile the invoices against the purchase orders to avoid the risk of any overpayments.</p> | |
| 40.13.6 | Significant Loss in Drum Deposit | <p>The Department paid drum deposit of \$22,885 during 2015 to Supplier C for the fuel and lubricants it purchased. The Department was eligible for drum deposit refund of \$19,090 for 2015 if the drums were returned in good condition.</p> <p>No drum deposit was refunded to the Department as drums provided by the Department for refund were rejected by Supplier C since they were not in a good condition</p> | <ul style="list-style-type: none"> • the empty drums are handled with care and kept in good condition • Officers responsible for improper handling of drums are surcharged the amount of refund. | <p>Since the drums are flammable they are stored on the ford deck exposed to various conditions therefore these cannot be stored in any other compartment on the vessel. When vessels returns from trips, the empty drums are assessed on shore by Total Fiji Ltd. whereby most drums get rejected due to corrosion caused by exposure to marine conditions.</p> | <p>It should be noted that the vessels sail in adverse weather conditions whereby fuel and oil [flammable] are stored on deck and exposed to sea water. it is also not safe to store these drums in closed rooms.</p> |
| 40.13.7 | Anomalies in Maintenance of Tally Cards | <p>The Department did not maintain tally cards for Office Supplies and Repair and Maintenance materials during 2015.</p> | <ul style="list-style-type: none"> • tally cards are updated regularly to record movement of stores; and • appropriate disciplinary action is taken against those responsible for not performing their duties | <p>The audit recommendations are noted. The Department will ensure that a Storeman is appointed to fill the vacant Storeman post to ensure regular update for movement of stores.</p> | <p>Recommendations have been noted and records have since been updated. Staff have been assigned to maintain records and stores.</p> |

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| | | | diligently. | | |
| 40.13.8 | Anomalies in Payment | LPOs issued by the Department after invoices were received. Purchase orders were issued by the Department just to regularise the procurement process. In addition, several payments made by the Department were not supported with delivery dockets. | <ul style="list-style-type: none"> • local purchase orders are issued for purchases of all goods and services; • delivery dockets are obtained for all items purchased; • supervisors carry out their duties vigilantly; and • take appropriate disciplinary action against responsible officers for not issuing purchase orders and obtaining delivery dockets when acquiring goods and services. | <p>The audit recommendations are noted. Some suppliers cannot estimate the cost of the repairs and services beforehand therefore they carry out the services first then they issue the invoices based on the cost of the services rendered and once the department receives the invoice then the purchase order is generated to regularize the procurement process. For Government Shipping Services, the delivery dockets are obtained for all items and maintained by the Storeman and only submitted to accounts upon request.</p> <p>The department will ensure that delivery dockets are obtained and submitted together with invoices to accounts.</p> | <p>Recommendations have been noted and implemented. There are vendors which no longer issue delivery dockets. In these instances officers receiving goods sign on the invoices and POs as proof that goods have been received.</p> |